



Daily Report

China

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Thursday
17 December 1992

Daily Report

China

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Foreign Ministry Holds Weekly News Briefing

Hails Song Jian's U.S. Visit

OW1712123392 Beijing XINHUA Domestic Service in Chinese 1034 GMT 17 Dec 92

[By correspondents Wen Jihua (2429 4949 5478) and Yang Zhaowen (2799 0340 2429)]

[Text] Beijing, 17 Dec (XINHUA)—Chinese Foreign Ministry spokesman Wu Jianmin said today that the recent visit to the United States by Song Jian, state councillor and minister in charge of the State Science and Technology Commission, achieved positive results [ji ji cheng guo 4480 2817 2052 2654] as it formally resumed bilateral ties between the two countries in the fields of science and technology and created conditions for the further development of relations between China and the United States.

In response to a question on the results of Song Jian's visit to the United States raised by a report at the weekly press conference this afternoon, Wu Jianmin said: A science and technology delegation of the Chinese Government, led by Song Jian, recently made a four-day official visit to the United States at the invitation of D. Bromley, assistant to the President for science and technology. The visit achieved positive results as it created conditions for the further development of relations between China and the United States and formally resumed bilateral ties between the two countries in the fields of science and technology.

He said: The U.S. side indicated that it would extend as soon as possible the two protocols on medical cooperation and on nuclear safety which have expired among the 29 protocols signed by China and the United States.

A correspondent asked: Russian Ambassador to China Rogachev has said that China and Russia have resolved 98 percent of their territorial disputes. What boundary issues are still left unresolved between China and Russia?

Wu Jianmin said: The boundary issues between China and Russia have been left over from history, and the alignments of most sectors of the borders have already been determined by boundary agreements. What remain unsettled are primarily the ownership of the Heixiazi Islands and some other territories. The two sides have agreed to carry on negotiations on this issue.

When asked what role China could play in settling the Middle East issue now that the tension there is increasing, Wu Jianmin said: As a permanent member of the UN Security Council, China is willing to play its role by actively pushing forward the peace process in the Middle East and for an early, fair, and reasonable political settlement of the Middle East question on the basis of relevant UN resolutions on the issue.

Urge Patten To 'Abandon' Reforms

HK1712121992 Hong Kong AFP in English 1153 GMT 17 Dec 92

[Excerpt] Beijing, Dec 17 (AFP)—China Thursday [17 December] again called on Hong Kong Governor Chris Patten to abandon his plan for democratic reforms in the British colony in what has become an almost regular part of the weekly foreign ministry briefing to journalists here.

Foreign Ministry Spokesman Wu Jianmin said: "Chris Patten should fundamentally change his position and give up his plan for political reforms." He added "our position stands firm" and said China was ready to cooperate with the British authorities on the basis of the Joint Declaration they signed in 1984 which set out details for the return of the colony to China in 1997. [passage omitted]

Position 'Firm' on Patten Proposals

HK1712124592 Hong Kong Television Broadcasts Limited in English 1110 GMT 17 Dec 92

[From the "News at 7:10" program]

[Text] Beijing has again accused Governor Chris Patten of breaching Sino-British agreements, thereby spoiling the basis of cooperation. But a Foreign Ministry spokesman stopped short of demanding Patten withdraw his political package.

[Begin Foreign Ministry Spokesman Wu Jianmin recording in Mandarin with simultaneous translation into English] The basis for cooperation between China and Britain on the question of Hong Kong is the Sino-British Joint Declaration and the understandings and agreements reached by China and Britain. The question now is that the action of Governor Chris Patten has breached the Sino-British Joint Declaration and the understandings and agreements reached by China and Britain. As far as the Chinese side is concerned, it hopes to continue the cooperation, and that Chris Patten will come back to the course as provided for by the Sino-British Declaration and the understandings and agreements reached; because this is a matter that directly bears on the principles for the cooperation between the two sides and on the fundamental interests of the Chinese people as well. Our position stands firm. It is hoped no misunderstanding or misjudgment is made. [end recording]

Qian To Visit Oman, African Nations

OW1712085092 Beijing XINHUA in English 0836 GMT 17 Dec 92

[Text] Beijing, December 17 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen will pay an official goodwill visit to six Asian and African nations from January 5 to 18 next year, a Foreign Ministry spokesman announced here today.

The countries are Oman, Mauritania, Cameroon, Gabon, Burundi and Rwanda.

Qian is invited by the governments of the above six countries, the spokesman said at the weekly press conference.

Meanwhile, the spokesman said, the foreign minister will also go to Paris to participate in a United Nations conference on the signing of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their destruction and sign the convention.

Malian President To Visit

OW1712080692 Beijing XINHUA in English
0750 GMT 17 Dec 92

[Text] Beijing, December 17 (XINHUA)—President Alpha Oumar Konare of the Republic of Mali will pay an official visit to China from December 21 to 25, at the invitation of Chinese President Yang Shangkun.

This was announced by a Chinese Foreign Ministry spokesman here today.

Qian Discusses Foreign Policy at Reception

OW1612210692 Beijing XINHUA Domestic Service in Chinese 1433 GMT 16 Dec 92

[By correspondent Xin Huashi (6580 2037 2514)]

[Text] Beijing, 16 Dec (XINHUA)—State Councillor and Foreign Minister Qian Qichen told Chinese and foreign correspondents today that as China deepens its reform and opening wider to the outside world, new progress will be made in its friendly and cooperative relations with foreign countries.

A New Year reception was held this afternoon by the Information Department of the Ministry of Foreign Affairs at the International Club. At the reception Qian Qichen recalled China's achievements in accelerating reform, opening to the outside world, and economic development in 1992. He said 1992 was a meaningful year for China. The period—from the beginning of this year, when Comrade Deng Xiaoping made some remarks during his South China tour, to the victorious conclusion of the recent 14th CPC National Congress—shows that China's reform, opening up, and economic development have entered a new stage.

On diplomatic achievements, Qian Qichen said that China made new progress in its foreign relations in 1992 by further strengthening its friendship and cooperation with various countries around the world. One hundred fifty-four countries have established diplomatic relations with China. In 1992, Chinese leaders visited 48 countries, and leaders or foreign ministers of foreign countries made more than 60 visits to China. During the remaining two weeks of this year, three more foreign presidents will visit China.

Qian Qichen said that as China's diplomatic activities are becoming increasingly brisk, relations between foreign news circles and China are also developing. This year, the number of foreign correspondents permanently based in Beijing exceeded 180, and the number of temporary correspondents in China has exceeded 3,000. He noted his belief that exchanges and cooperation between China and foreign news circles will continue to develop.

In response to a correspondent's question, Qian Qichen said that the upcoming visit by President Yeltsin to China is of great importance. Since the disintegration of the Soviet Union a year ago, Sino-Russian relations have enjoyed steady growth, while bilateral economic and trade ties have been on the increase. The two countries now need to discuss some issues of mutual concern as a way to strengthen bilateral cooperation. He believed that this visit will be "crowned with success."

Asked by a correspondent to comment on President-elect Clinton's remark that it is unnecessary to revoke China's Most-Favored-Nation [MFN] status, Qian Qichen said that the MFN status is a reciprocal, equal, and mutually beneficial arrangement between China and the United States. It is indispensable for Sino-U.S. trade relations. "So I think the remark made by Mr. Clinton squares with reality."

Asked by a correspondent whether the issue over the U.S. sale of F-16 fighter planes to Taiwan is finished, Qian Qichen said this issue is not over yet. We stand for holding special discussions on this issue. Implementation of the August 17 joint communique should be included in Sino-U.S. talks on bilateral relations.

Referring to the issue between China and France over the sale of fighters to Taiwan and to China's disputes with Britain on the Hong Kong issue, Qian Qichen said these issues "have a direct bearing on the nation's fundamental interests. Therefore, we cannot make any concessions on those issues."

When asked what reaction will China make to the French sales of fighters to Taiwan, Qian Qichen said that "surely we will react strongly, both politically and economically. Up till now, the French Government has always told us that they have not yet formally rectified the contract. So we have to wait and see what the French side will really do."

A correspondent asked: Presidential elections are under way in the Republic of Korea. What possible impact will the election of an opposition presidential candidate have on China-ROK ties? Qian Qichen said, "I am not prepared to comment on the internal affairs of the ROK. I believe whatever results of the election, relations between China and ROK will not be affected."

Asked about China's squabble with Hong Kong Governor Patten, Qian Qichen said that Patten is the last

governor of Hong Kong. Hong Kong is not his "constituency" so he does not need to do a lot of work for "election."

Asked about China's reunification, Qian Qichen said that both sides of the Taiwan Straits maintain that there is only one China and Taiwan is an inseparable part of China, and both sides oppose the independence of Taiwan. The Chinese Government's position on the issue of the motherland's reunification has always been a clear-cut one.

Asked about China's plan for diplomatic work next year, Foreign Minister Qian said, "The plan of China's diplomatic work next year is now under discussion. But I can tell you I will visit Africa next January, as I did annually in the previous years, and will go Paris to sign the Chemical Weapons Convention on behalf of the Chinese Government.

Envoy to UN Urges Peaceful Balkan Settlement

OW1712043492 Beijing XINHUA in English
0240 GMT 17 Dec 92

[Text] Geneva, December 16 (XINHUA)—China supports a negotiated political settlement of the problems in ex-Yugoslavia, a Chinese representative said here today.

Addressing the expanded ministerial meeting of the steering committee on ex-Yugoslavia, Chinese Ambassador Jin Yongjian to the United Nations in Geneva said China backs all the propositions and measures conducive to peaceful and political solutions to the conflict there.

He noted that China shares the view with others that there is no alternative but a political solution to the problems through talks.

China has always opposed the use of force and threat to use force in resolving any conflict, especially in ex-Yugoslavia where the situation is extremely complicated, Jin explained.

Therefore, the Chinese ambassador added, China disagrees with any measures that could lead to complicating the situation and escalation of the conflict.

On the establishment of a no-fly zone, Jin noted that in principle China does not oppose it if all the parties concerned agree to ensure that the international relief activities can be carried out smoothly.

However, China does not agree to use force for that purpose.

As to the setting-up of an international judicial court, he pointed out it is unnecessary to make proposals over this matter at present because the Security Council has already set up a commission of experts to investigate the violation of international humanitarian law.

"The commission is working and we are waiting for the results of the investigation," Jin added.

International Social Security Seminar Held

HK1612144592 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 7 Dec 92

[Text] An international seminar [words indistinct] on economic construction was held yesterday morning [word indistinct]. Huang Hua, former State Council vice premier and foreign minister; Hao Jianxiu, State Planning Commission vice minister; Gao Shangquan, State Commission for Restructuring the Economy vice minister; Vice Minister of Labor Linghu An; Sun Longchun, vice minister of public health; Zhang Ruiying, All-China Federation of Trade Unions vice president; Hainan Governor Liu Jianfeng and Vice Governor Xin Yejiang; (Seerkang), China-based representative of the (United Nations Development and Planning Agency); (Feng Mozhi), high-level adviser to the World Bank vice president; (Filleya), International Labor Organization Beijing Bureau chief; and other people attended the meeting. Representatives of central state organs and relevant provinces and cities totaling over 100 participated in the meeting.

Governor Liu Jianfeng gave the opening speech. He said: Reform of the social security system is an important part of economic structural reform. The present meeting will study and discuss the theoretical and practical problems facing China's social security system. This has important significance for and profound influence on Hainan's and the country's reforms of the social security system, and the country's entire pursuit of reform and opening up.

Huang Hua, former State Council vice premier and foreign minister, pointed out at the seminar: Under the new situation of developing a socialist market economic system in our country, it is necessary to learn from international successful experiences and act on the basis of the overall national situation when pursuing reform of the traditional social security system, and work hard to find a scientific path of reform of the social security system with Chinese characteristics. [Word indistinct], (Cheng Duan), [word indistinct], Gao Shangquan, (Guan Yuying) and (Feng Mozhi) also spoke at the meeting. [Word indistinct] accepted at the meeting Hainan Province's social security reform proposal. [Words indistinct] also briefed the meeting on the practices adopted by Shenzhen, Nanchang and Xiamen. The international seminar [words indistinct].

Bo Yibo Greets Seminar on National Spirit

OW1512074192 Beijing XINHUA Domestic Service in Chinese 1255 GMT 10 Dec 92

[By reporter Ye Jundong (0673 0193 2639)]

[Text] Guangzhou, 10 Dec (XINHUA)—Some 200 scholars from all across China, Singapore, Hong Kong, Taiwan, and other regions gathered in Zhongshan, Guangdong, on 9 December to attend a seminar on Chinese national spirit and the national cohesive force.

The seminar, sponsored by the Association for Chinese Yan Huang Culture and other departments, has received 72 papers from home and abroad.

According to the organizing committee's briefing, the major items on the seminar agenda are: the relationship between Chinese national spirit and the national cohesive force, basic theory on the national cohesive force, the study of the national spirit and the national cohesive force in light of different historical figures in various historical periods, and ways of strengthening the Chinese national cohesive force.

Ye Xuanping, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, delivered a speech at the opening ceremony. Bo Yibo and Lei Jieqiong sent congratulatory messages.

United States & Canada

Li Lanqing: Imports From U.S. To Increase

OW1712112692 Beijing XINHUA Domestic Service in Chinese 0850 GMT 17 Dec 92

[By correspondent Zhang Yijun (1728 4135 0193)]

[Text] Beijing, 17 Dec (XINHUA)—The seventh session of the Sino-U.S. Joint Commission on Commerce and Trade was held in Beijing today. This was the first ministerial level meeting on economic and trade affairs held between China and the United States since 1989.

China's Minister of Foreign Economic Relations and Trade Li Lanqing and U.S. Secretary of Commerce Barbara Franklin jointly presided over the opening ceremony.

The Sino-U.S. Joint Commission on Commerce and Trade holds annual meetings between the two countries and is the most important negotiation mechanism in economic and trade relations between the two nations.

Both ministers held that the resumption of the annual meeting at this time is of great significance, and that it will certainly have a positive influence on creating a new situation in bilateral economic and trade relations.

After introducing China's situation of deepening reform, further opening up to the outside world, and establishing a market economy, Li Lanqing said: Although the two sides have encountered some problems in economic and trade relations in recent years, bilateral trade and investment have nevertheless maintained a relatively fast pace of development.

According to statistics, Sino-U.S. bilateral trade volume reached \$13.1 billion in the first 10 months this year, among which export volume totaled \$6.36 billion and import volume totaled \$6.76 billion, both reflecting large increases over the same period last year.

Li Lanqing said that, in keeping pace with economic development, China will continue to increase imports

from the United States and that China's door is open to imports from the United States.

Barbara Franklin also expressed satisfaction with progress in bilateral trade and appreciated China's effective efforts in this respect. She said: Both the U.S. and Chinese Governments realize the importance of developing bilateral economic and trade relations. She hoped that people in the economic, trade, and business communities from both countries would make joint efforts to further promote economic and trade relations between the two sides.

The two sides also exchanged' opinions on issues of common concern, including MFN status, the opening of markets, and the development of the trade and investment environment.

Barbara Franklin arrived in Beijing on her first visit to China at the invitation of Li Lanqing.

Editorial Views Clinton's China Policy

HK1712095492 Hong Kong WEN WEI PO in Chinese 16 Dec 92 p 2

[Editorial: "Clinton Says That He Has No Wish To Isolate China"]

[Text] After Igor Rogachev talked about "a new stage" in Sino-Russian relations, U.S. President-elect Bill Clinton also made a speech, saying that he has no wish to isolate China. Bill Clinton added that so long as China can make progress on human rights and some other issues, he believes that there is no need to revoke China's most-favored-nation [MFN] status. Clinton added that he does not wish to see U.S. enterprises sink into a state of disorder. The Hong Kong-based American Chamber of Commerce immediately welcomed Clinton's remarks.

During his election campaign, Bill Clinton's China policy did trigger a great deal of concern among people. In all U.S. presidential elections, opposition presidential candidates almost unanimously try to sound as different as possible from their counterparts in power on policy issues. However, after being elected, they return to pragmatism and start considering both U.S. interests and reality and adopting policies similar to those of the preceding administration.

It is quite unlikely that a big power like the United States will embark on the road of isolationism. Isolating China will result first and foremost in isolating the United States itself. All the countries in the world are aware of China's strategic position and know that the China market is not only the largest market in the world but also the last market which has yet to be opened up in the world. Therefore, all interested parties hope to develop relations with China and enter the China market. Should the United States try to seize upon human rights and raise a fuss about this issue and refuse to renew China's MFN status, China would only respond with similar treatment. As a result, Sino-U.S. economic and trade

relations would deteriorate to an alarming extent. Sino-U.S. economic and trade relations are the foundation of overall Sino-U.S. relations. The retrogression of economic and trade exchanges between the two countries would certainly result in a retrogression of diplomatic relations between them. During his tenure in office, George Bush has time and again used his veto power to veto motions on attaching strings to the renewal of China's MFN status. In the light of U.S. interests, George Bush pointed out that adopting those motions would only force the United States to hand over the China market to its Western competitors.

George Bush, who is soon to leave office, delivered a speech yesterday, warning that "it would be extremely dangerous should the United States become isolationist in this post-Cold War era." His remarks were but a piece of advice to his successor. It is clear to all what isolationism means. The United States always attaches great importance to the global strategic balance and has never tried to isolate itself. The United States has also maintained strong ties with Western Europe and Japan and attached great importance to Sino-U.S. relations. Should it resort to protectionism and a strategy of forcibly bringing pressure to bear on other countries as a result of its economic egoism, the United States would undoubtedly find itself surrounded by a host of enemies and besieged on all sides. Given its limited strength, the United States would thereby find it impossible to subjugate other countries in the world. In the end, it would only turn itself into an isolationist deprived of support on all sides. Should this be the case, it would only undermine U.S. national strength.

Some hotheaded people hold that the triangle formed by China, the United States, and the Soviet Union now no longer exists and that the China card no longer has any strategic significance. Therefore, it is time to go all out to bring pressure to bear on China. However, the fact is that with the end of the Cold War, a multipolar world has emerged. The global situation has become more complex than ever before following the decline of U.S. control and influence over its allies. Since every "pole" is trying to raise its own position and expand its own influence, the forces in the world are now in a process of redivision and reorganization. The United States, China, and Russia have remained the three biggest powers in the world. China and Russia can carry out friendly cooperation and develop trade relations with each other and join hands in settling various international issues. In the face of such a situation, the United States will certainly not let slip a golden opportunity. Yeltsin's visit to China is an event of great significance. There is no doubt that the United States will follow suit and consider its policy toward China.

Should the United States choose to abrogate the "17 August Communique," Sino-U.S. relations would only suffer further setbacks. Now that the Bush administration has already secured an edge in enabling U.S. businesspeople to enter the China market through the "301"

trade talks with China, there should be no reason whatsoever for U.S. business people to discard their hard-won achievement. Taking account of all these factors, Bill Clinton will certainly find it necessary to give his China policy pragmatic consideration.

Central Eurasia

Yeltsin Begins 3-Day Official Visit to PRC

Departs From Moscow

OW1712024192 Beijing XINHUA Domestic Service in Chinese 0105 GMT 17 Dec 92

[Text] Moscow, 16 Dec (XINHUA)—Russian President and Mrs. Boris Yeltsin left Moscow at 2100 on 16 December aboard "Russia" for Beijing to pay their first official visit to the People's Republic of China.

Answering questions from XINHUA correspondents in the VIP lounge of Moscow's Vnukovo-2 Airport, President Yeltsin said: I am going to open a new era in the relations between two great nations—the PRC and the Russian Federation. He said: We have no ideological barriers or psychological impediments of former leaders—both Russia and China are pursuing reforms, including a market economy; therefore, we could become the largest market for each other. He believes that there are possibilities for cooperation in the economic, trade, social, and political spheres.

Members of the official delegation accompanying President Yeltsin on his PRC visit are: President Nikolayev of the Sakha Republic; Rakhimov, chairman of the Supreme Soviet of the Bashkir Republic; Russian Foreign Minister Kozyrev; Supreme Soviet Vice Chairman Yalov; and Deputy Premier Shaokhin. Other members of the delegation aboard the same plane to Beijing are Russian Security Minister Barannikov, Internal Affairs Minister Yerin, Atomic Energy Minister Mikhaylov, Academy of Sciences President Arkhipov, and Moscow Mayor Luzhkov.

Those who saw President Yeltsin off at the airport were Russian Vice President Rutskoy; Supreme Soviet Chairman Khasbulatov; Premier Chernomyrdin; First Deputy Premier Shumeyko; Army General Grachev, minister of defense; and Shaposhnikov; commander of the CIS Joint Armed Forces.

Li Jingxian, PRC charge d'affaires ad interim in Moscow, and his spouse were also at the airport to see President Yeltsin off.

Arrives in Beijing, Makes Statement

OW1712041592 Beijing XINHUA in English 0338
GMT 17 Dec 92

[Text] Beijing, December 17 (XINHUA)—Russian President Boris Yeltsin arrived here this morning, starting a three-day official visit to China.

This is the first trip to China by a Russian head of state.

Shortly after the IL-62A special plane carrying president Yeltsin and his party landed at 9:15 am (Beijing time) at the capital airport here following over seven hours of flying, the Russian president stepped down the gangway ladder with a smiling face.

Greeting Yeltsin by the plane, Chen Jinhua, chairman of the Chinese Government Reception Committee and minister in charge of the State Commission for Restructuring Economy, and Vice Foreign Minister Tian Zengpei, shook hands with Yeltsin and his wife and extended a welcome to the couple, who received flowers from two Chinese girls.

Speaking to reporters upon arrival, Yeltsin said that it should be abnormal that Russia and China, the two great nations which share a 4,000-km common border, would not develop relations or cooperation.

Therefore, he said, the two sides "have to make every effort to develop mutually beneficial trade and friendly cooperation in technology, culture, and other fields."

Yeltsin told reporters that more than a dozen agreements on bilateral cooperation, including a joint declaration which serves as the basis for the development of Russian-Chinese relations, are ready to be signed.

Among the 100 members in Yeltsin's entourage were a number of senior Russian Government and congress officials. They include M.E. Nikolayev, president of the Republic of Sakha, Murtaza Raskhmov, chairman of the supreme Soviet of the Bashkortostan Autonomous Soviet Republic, Andrey Kozyrev, Russian foreign minister, Yury Yarov, vice chairman of the Russian supreme Soviet, and A.N. Shokhin, deputy prime minister of the Russian Federation.

Yeltsin, as guest of Chinese President Yang Shangkun, and his party proceeded from the airport directly to the Great Hall of the People near the center of the Chinese capital, where President Yang will hold an official ceremony to welcome Yeltsin.

Attends Welcoming Ceremony

OW1712131292 Beijing Central Television Program
One Network in Mandarin 1100 GMT 17 Dec 92

[Video report from the "National News Hookup" program]

[Text] [Video begins with shots showing Yang Shangkun and Yeltsin, both wearing dark western suits, shaking hands inside the central room of the Great Hall of the People. Camera cuts to show a girl and a boy presenting flower bouquets to Yeltsin and his wife, then switches to show Yeltsin shaking hands with Peng Chong, vice chairman of the Standing Committee of the National People's Congress; Qian Qichen; and others lining up to greet him. The video shows Yang Shangkun and Yeltsin standing on a platform while the national anthems of the

two countries are being played, then cuts to Yeltsin walking through the honor guard, accompanied by Yang Shangkun who walks in firm step without using a stick]

This morning President Yang Shangkun held a ceremony at the central room of the Great Hall of the People to welcome President of the Russian Federation Boris Yeltsin and his party.

This is the first visit to China by the Russian head of state.

Peng Chong, vice chairman of the Standing Committee of the National People's Congress; Qian Qichen, state councillor and minister of foreign affairs; and Chen Jinhua, chairman of the Chinese Government Reception Committee and minister in charge of the State Commission for Restructuring the Economy, attended the welcoming ceremony.

Those accompanying Yeltsin's visit are President Nikolayev of the Republic of Sakha in Russia; Chairman Raskhmov of the Supreme Soviet of the Bashkortostan Republic; Russian Foreign Minister Kozyrev; Vice Chairman Yarov of the Russian Supreme Soviet; and Deputy Prime Minister Shokhin.

Holds 'Sincere' Meeting With Yang

OW1712055392 Beijing XINHUA in English 0529
GMT 17 Dec 92

[Text] Beijing, December 17 (XINHUA)—Chinese President Yang Shangkun met with visiting Russian President Boris Yeltsin in the Great Hall of the People here this morning.

This is the first meeting between the heads of state of China and Russia.

On behalf of the Chinese Government and people, Yang extended a warm welcome to Yeltsin, saying that "the Chinese leaders and people have been looking forward to your visit, which has arrested much attention of the international media."

The first Sino-Russian summit is of "important significance and it will raise bilateral ties to a new high, pumping particularly fresh vitality into the economic and trade relations between the two countries," a Chinese official quoted Yang as saying.

Yeltsin, voicing appreciation for the warm and grand welcome accorded him and his group, said that Russia also attaches great importance to this visit, which aims to "open up a new era for Russia-China relations."

As a symbol of this, he said, the two countries will sign around 20 documents during the visit. "The Russian people pay much attention to the visit, too, and they hope for a speedy growth of Russia-China ties," the Chinese source quoted Yeltsin as saying.

Yang, referring to the traditional friendship between the Chinese and Russian people, said that there are many

favorable conditions for increasing friendly cooperation between the two countries. Therefore, he noted, "there is every reason" for them to carry out successful friendly cooperation.

Relations with Russia occupy "an important position" in China's foreign policy, and "we are ready to develop a friendly relationship of long-term stability, good-neighborliness and mutually-beneficial cooperation with Russia," he said.

This not only conforms with the fundamental interests of the two peoples, but also benefits the peace, stability and development of the Asia-Pacific region and in the world as a whole, he added.

Yeltsin also spoke highly of the traditional friendship between the Russian and Chinese peoples. Russia pays much attention to the achievements of the recent national congress of the Chinese Communist Party, he said, adding that the policies defined at the congress are conducive to the growth of Russia-China relations.

During the meeting, described by the Chinese source as "sincere and friendly," the two leaders also briefed each other on the domestic situation of their respective countries.

Attending the meeting were leading Chinese and Russian officials, including Vice-Chairman of China's National People's Congress Standing Committee Peng Chong, State Councillor and Foreign Minister Qian Qichen, and President M.E. Nikolayev of the Republic of Sakha of Russia, Chairman Murtaza Raskhimov of the Supreme Soviet of the Bashkortostan Republic, Russian Foreign Minister A.V. Kozyrev, Vice-Chairman Yuryi Yarov of the Russian Supreme Soviet and Deputy Prime Minister A.N. Shokhin.

[Beijing XINHUA in English at 0350 GMT on 17 Dec 92, also reporting on Yeltsin's visit with Yang Shangkun, adds the following:

["Prior to the meeting, President Yang held an official ceremony in welcome of President Yeltsin in the Great Hall of the People.

["Two children presented bouquets to President Yeltsin and his wife. After a 21-gun salute was fired, the military band played national anthems of Russia and China. Then President Yeltsin, in the company of President Yang Shangkun, reviewed a guard of honor of the three services of the Chinese People's Liberation Army."]

Declaration To Oppose 'Hegemonism'

OW1712143892 Tokyo KYODO in English 1426 GMT
17 Dec 92

[Text] Beijing, Dec. 17 KYODO—China and Russia pledged Thursday to forge closer ties at the start of Russian President Boris Yeltsin's three-day visit which he termed a historic moment in bilateral relations.

Chinese President Yang Shangkun, during a 40-minute meeting with Yeltsin at the Great Hall of the People, said "your visit will open up a new era in relations between our two countries."

After Yeltsin flew into Beijing, Yang accompanied him in a brief welcoming ceremony complete with national anthems and a 21-gun salute.

Yeltsin painted a similarly bright picture for future Russo-Chinese ties after three decades of hostility and mutual mistrust.

"During my stay, some 20 documents will be signed by officials from both sides, opening a new era in bilateral ties," Yeltsin said. "I hope and believe both sides will now develop close relations."

The centerpiece document is a joint declaration on the basic principles which was initialed by the two countries' foreign ministers in Moscow last month.

Reliable sources say the document includes a clause committing both sides to opposing hegemonism and global power politics.

China and Russia appear to want to send a strong message to Washington that the United States should not assume it is the world's only superpower and global policeman.

Moscow and Beijing will also pledge to oppose nuclear proliferation in the joint declaration and agree to conduct bilateral relations according to the five principles of peaceful coexistence, sources say.

These hold that ideological differences should not obstruct relations and bind each country to respect the other's territorial integrity and internal political system.

The declaration includes a pledge by Russia to recognize that Taiwan is an inalienable part of China, the sources say.

Russian Foreign Ministry Spokesman Sergey Yastrzhembskiy told a press briefing that Yang called Russia's Taiwan policy "wise."

Yastrzhembskiy also shed light on some of the other agreements that Chinese and Russian officials will sign Friday.

Chief among these is an agreement whereby Russia will help build two 1,000-megawatt nuclear reactors at a site to be determined by the Chinese authorities, he said. They will be VVR-type reactors, not the ill-fated Chernobyl model, he said.

Diplomatic sources say the plant will probably be built in Liaoning Province, northeast China. There are also plans for Russia to build a conventional power plant in southern China, the sources said.

Yastrzhembskiy confirmed reports that China will provide Russia with commodity credits worth a total of 300

million yuan (about \$1 million U.S. dollars). Sources say this will take the form of two credits including one which Moscow will use to purchase Chinese grain.

Earlier in the day, Yang welcomed Yeltsin as the first Russian president to visit China, saying his arrival gives fresh impetus to bilateral ties.

"Relations with Russia are an important part of China's overall foreign policy," Yang said.

Yeltsin has been accused by domestic critics of putting all his eggs in a pro-western basket and ignoring Russia's giant neighbor to the east.

Analysts view this China trip as an opportunity for Yeltsin to broaden Moscow's foreign policy horizons and expand on his plans to form an Asia-Pacific forum to coordinate regional affairs.

Moscow and Beijing have clearly decided to bury past differences and niggling border disputes as they strive to forge an economic partnership to their mutual advantage.

Analysts say there is a common desire to ignore the stark ideological differences between Moscow and Beijing which emerged after the collapse of the former Soviet Union last winter.

Picking up this theme, Yeltsin told Yang that China's communist party congress in October had laid the groundwork for vibrant economic ties.

Chinese officials privately denounce Yeltsin as the man who destroyed communism in the Soviet Union, but grudgingly acknowledge the overriding importance of economic ties.

Military ties are also a priority but Yastrzhembskiy said the two sides will not sign any agreements on arms sales or military cooperation.

But Russia's cash-strapped military industrial complex is expected to forge a close relationship with its Chinese counterpart to help modernize Soviet-built munitions plants from the 1950s and help convert factories to civilian use.

Yeltsin's entourage includes Foreign Minister Andrey Kozyrev, Security Minister Viktor Barannikov, Deputy Prime Minister Aleksandr Shokhin and ministers responsible for nuclear and interior affairs.

Yastrzhembskiy told reporters that Barannikov will sign a cooperation agreement with China's Public Security Ministry covering terrorism, illegal arms sales, drug control and crimes involving transport and communications.

Yeltsin, who paid a visit to China's Great Wall some 50 kilometers north of the capital Thursday afternoon, attended an evening banquet hosted by Yang.

On Friday morning, the Russian president will lay a wreath in Tiananmen Square at China's memorial to revolutionary martyrs before holding summit talks with Premier Li Peng and Communist Party General Secretary Jiang Zemin.

Yeltsin will rejoin Yang later on Friday to sign the joint declaration on the basic principles for bilateral relations.

On Saturday, Yeltsin and his entourage will fly to the southern city of Shenzhen, a showcase special economic zone for China's capitalist-style reform program.

Says PRC Reform Avoids 'Unrest'

OW1712143492 Beijing XINHUA Domestic Service in Chinese 1226 GMT 17 Dec 92

[By correspondent Lu Jing (4151 0613)]

[Text] Beijing, 17 Dec (XINHUA)—Russian President Yeltsin, who is currently on his first visit to China, ascended the Great Wall only six hours after arriving in Beijing.

At 1500, President and Mrs. Yeltsin and most members of their entourage, accompanied by Chen Jinhua, head of the Chinese Government's reception group, arrived at the foot of the Great Wall in Badaling. Although he had just completed his more-than-seven-hour-long flight from Moscow to Beijing at 0900 and then met with President Yang Shangkun for nearly one hour, President Yeltsin did not show any tiredness when he ascended the Great Wall. His pace was steady and forceful.

President Yeltsin, who is big and tall, and his wife, stood at a crenel on a platform of the wall to look at the distant view of the Great Wall. While listening to a Chinese tourist guide's briefing, they frequently pointed at the wall stretching to the far distance and nodded to show their admiration. President Yeltsin gasped in admiration at the ancient Chinese people's ability to build such a solid and strong great wall without using cement.

Yeltsin ascended the Great Wall along the eastern slope of the Badaling. Whenever he arrived at a watchtower, he was surrounded by numerous correspondents waiting there, and answered their questions.

"What is your impression of the Great Wall?"

"Very great, very magnificent."

"How does China impress you?"

"My first impression is that the Chinese people are very industrious people. The Chinese have done many things in recent years and they have made good progress. We can see it from the look of Beijing."

"Would you give your views about China's economic pattern?"

"There are many interesting things regarding China's economic pattern. The first thing is that reform has not

brought about unrest. China has carried out reform for 14 years, and now the 14th CPC National Congress has set the future road—the establishment of a socialist market economy. The market economy will be China's foundation."

The one-half hour sightseeing passed very fast. The afternoon sunshine was already partially blocked by the mountain slopes in the west side. After mounting on three watchtowers of the Great Wall, President Yeltsin was still full of zest despite the fact that he is over 60.

"Let us take a photograph!" the correspondents who followed his tour loudly called.

Facing various kinds of cameras, Yeltsin was all smiles. He extended his right arm to hold Mrs. Yeltsin to his side and let correspondents take pictures for this unforgettable scene with the zigzag mountains and the Great Wall as the background.

Mrs. Yeltsin, who is an architect, today also visited the Beijing No. 4 Middle School.

Attends Banquet Hosted by Yang

CM1712144292 Beijing XINHUA Domestic Service in Chinese 1242 GMT 17 Dec 92

[Text] Beijing, 17 Dec (XINHUA)—Chinese President Yang Shangkun hosted a banquet in honor of Russian President Boris Yeltsin and his party at the Great Hall of the People here this evening.

Yeltsin arrived here this morning on a three-day official visit to China.

Prior to the dinner, President Yeltsin met and exchanged greetings with a group of senior Chinese officials attending the banquet, including Vice-Premier Wu Xueqian, Vice-Chairman of the National People's Congress Standing Committee Peng Chong, State Councillor and Foreign Minister Qian Qichen, State Councillor and Beijing Mayor Chen Xitong, Chairman of the Chinese Government Reception Committee and minister in charge of the State Commission for Restructuring the Economy Chen Jinhua, and Vice-Chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang Li Peiyao.

At the same time, Yang met with Yeltsin's entourage including M.E. Nikolayev, president of the Republic of Sakha, Murtaza Raskhmov, chairman of the Supreme Soviet of the Bashkortostan Autonomous Soviet Republic, Andrey Kozyrev, Russian foreign minister, Yuriy Yarov, vice chairman of the Russian Supreme Soviet, and A.N. Shokhin, deputy prime minister of the Russian Federation.

Yeltsin Said To Attach Importance to Ties

HK1712052692 Hong Kong WEN WEI PO in Chinese
17 Dec 92 p 2

[“Newsletter From Beijing” by staff correspondent Chen Chien-ping (7115 1696 1627): “Why Does Russia Attach Importance to Its Relations With China?”]

[Text] President Yeltsin of the Russian Federation will arrive in Beijing on 17 December. The diplomatic corps here predicted that Yeltsin's current visit to China would be a success.

A person in the diplomatic corps said: News from Moscow reveals that Yeltsin takes his visit to China very seriously, and has proposed to sign a “Sino-Russian Treaty” with China. However, the Chinese Government indicated that matters involving relations between two countries are usually published in the form of a joint communique or joint statement, rather than a treaty. Yeltsin later suggested a “Beijing Manifesto” be published. Again, the Chinese Government said that a “Moscow Manifesto” concerning affairs between the two communist parties existed in the past. Afterward, Yeltsin referred to the Russian-Chinese dictionary and found that there is a term meaning joint communique, statement, and manifesto in Russian. Hence, he suggested this term be used so that in the Chinese version it means “joint statement,” and in the Russian version it carries the meaning of a “manifesto.” This was accepted by the Chinese Government. Yeltsin is so punctilious about the wording because he hopes very much that both the influence and the actual significance of his current visit to China will surpass that of Gorbachev years ago.

The source said that the reason Yeltsin attached so much importance to developing relations with China lies mainly in the following two aspects:

First, the domestic economic situation in Russia is unfavorable, and its political situation is also unstable, owing to the crisis elicited by its rigid pursuance of the Western model. Under these circumstances, the success of reform and opening to the outside world and the enhancement of comprehensive national strength in China, on which various factions in the Russian leadership have a consensus, have exerted a great impact on Russia. Many local governments expressed their intentions to follow the Chinese model, and even Gaydar, who is regarded as pro-West, also indicates the necessity to emulate China. On the policy toward China, the Russian hierarchy has formed a relatively unanimous opinion: The maintenance of good relations with China will bring substantial, actual benefits to Russia. Last year, the trade volume between China and Russia was \$4 billion; it will come to \$5 billion this year, and Russia hopes for a further development in this respect. Additionally, Yeltsin wishes to take this opportunity to assimilate some experience in reform and opening up. He was originally scheduled to visit Pudong, Shanghai, but he requested to pay a visit to Shenzhen, which shows that he is quite interested in China's reform and opening up.

Second, Russia made little headway in its relations with Western nations, and failed to obtain much substantive assistance from them. Previously, Western nations promised to provide \$24 billion, but Russia has received only \$1 billion because the Western nations set a great many harsh terms which a sovereign country is unable to accept. With his understanding on the Western attitude increasingly deepened, he is impelled to move closer toward China.

The source believes that under the abovementioned domestic and international situation, the cooperation between China and Russia will enable both sides to supplement each other to a great extent; the border problem between the two countries has met with a comparatively satisfactory solution, and the remaining problem of Heixiazi Island has been promised to return to China; the reduction of troops stationed on the borders has also been agreed upon. All this has created conditions for the success of Yeltsin's visit to China.

It is reported that Yeltsin and his party will come to China in three large airplanes; the first plane will be the pioneer, Yeltsin will take the second, and the third will escort him. He will stay in the guest house for state dignitaries in Diaoyutai after his arrival in China.

XINHUA Carries 'Roundup' on Yeltsin Visit

OW1612110192 Beijing XINHUA Domestic Service in Chinese 0625 GMT 16 Dec 92

[("Roundup" by correspondent Zhou Shuchun (0719 2885 2504))]

[Text] Beijing, 16 Dec (XINHUA)—The unusually high-level contacts between China and the CIS countries over the past year will culminate in Russian President Yeltsin's year-end visit to China.

As head of the largest CIS country, Russian President Yeltsin will pay a three-day official visit to China beginning 17 December. Thus far, 10 heads of state or government of nine [figures as received] out of the 11 CIS member-countries have visited China. The premier of Estonia, on the coast of the Baltic Sea, also visited Beijing this year. During their visits to China, most of these leaders issued joint communiques and other political documents with the Chinese side, confirming the basic principles for developing bilateral relations. They also signed numerous agreements on exchanges and cooperation in various fields—diplomatic, economic, trade, scientific and technological, and cultural. These have enriched and enlivened bilateral relations.

By upholding the Five Principles for Peaceful Coexistence, transcending ideological differences, and respecting the principle of choice for people in various countries, China's relations with most republics that have declared independence from the former Soviet Union have developed steadily on the basis of positive

factors in the original Sino-Soviet relationship; these relations are growing more vibrant with each passing day.

The Soviet Union was dissolved at the end of last year. China promptly sent a government delegation to Moscow and other places in an effort to quickly affirm relations with Russia. Early this year, it established diplomatic relations with eight other newly independent republics. Over the next several months, China established diplomatic relations with two other CIS countries and Georgia. Since the establishment of diplomatic relations with the three Baltic countries in September of last year, China has either established or reconfirmed diplomatic relations with all newly independent republics of the former Soviet Union.

Among the CIS countries, Russia, Tajikistan, Kazakhstan, and Kyrgyzstan border on China, while Uzbekistan and Turkmenistan are near neighbors. To a modernizing China, its lengthy northern border is naturally an important part of the surrounding environment. After the Soviet Union was dissolved—an earthshaking, major political event—China managed to maintain stability and tranquility along its northern border. This undoubtedly was China's tremendous achievement in its diplomatic relations with neighboring countries during this year.

Building on the achievements in Sino-Soviet border talks, China and four CIS countries have held several rounds of talks on border issues and on reducing military troops and building mutual trust in the military sphere in frontier areas; they have made positive progress in these talks. The common border between China and the four countries that extend more than 7,000 km is becoming an enormous bond of friendly contacts.

As China opens wider to the outside world, especially as it opens up its border areas, the increasingly vibrant economic relations and trade between China and the CIS countries are expanding and growing intensively along the border. From January through October, China's total trade volume with the various republics of the former Soviet Union totaled approximately \$4.8 billion, representing an increase of over 20 percent from its trade volume with the former Soviet Union in all of last year. Border and regional trade accounted for a significant share of this volume. By the end of this year, trade between China and Russia alone is expected to exceed \$5 billion, surpassing the record level of trade between the former Soviet Union and China.

Meanwhile, the range and scale of bilateral economic cooperation is growing steadily. Contracted construction projects, exports of labor services, and various forms of cooperation are growing rapidly and moving toward an integration of economic relations and trade with science and technology. Moreover, exchanges and cooperation at various levels in the scientific and cultural spheres have developed extensively and intensively.

Traditional friendship, special geographic ties, a remarkable degree of economic complementarity, common interests in safeguarding regional stability, and joint efforts in domestic construction have all created the need and provided favorable conditions for developing good-neighborly and friendly relations, as well as mutually beneficial cooperation, between China and the CIS countries. Amid drastic changes in the world situation, increased cooperation between the two sides is not only conducive to their own political and economic interests, but it is also favorable to world peace and development.

President Yeltsin's upcoming visit to China not only marks a new era in Sino-Russian relations, but it will certainly fuel the overall development of relations with the other CIS countries. Most of the leaders who have visited China have invited Chinese leaders to visit their countries. Predictably, next year will witness a new upsurge in high-level contacts, which will undoubtedly give a new impetus to the constant development on a new basis of relations between China and various CIS countries.

Ukrainian Vessel Held in Custody in Zhanjiang
HK1612142692 Beijing ZHONGGUO XINWEN SHE
in Chinese 1146 GMT 16 Dec 92

[By correspondent Zhang Boren (1728 0130 0088)]

[Text] Guangzhou, 16 Dec (ZHONGGUO XINWEN SHE)—A freighter under the Ukraine Black Sea Ocean Shipping Company, the "Jane Raybobby" [lei bo bi 7191 0130 3024], was held in custody yesterday by Guangzhou Marine Court for colliding with a Chinese fishing boat.

The Chinese fishing boat "Zhepuyu 32305" was on its way from Tianjin's Xingang to Zhanjiang when the freighter "Jane Raybobby" collided with it at Zhejiang's Zhoushan Donghai fishery farm at 0830 on 8 December. The six fishermen on the boat all fell into the sea. All of the victims were rescued by other fishermen nearby, and were eventually safe and sound; they went on board the "Jane Raybobby" demanding compensation. The captain of the "Jane Raybobby" presented a letter promising compensation, then sailed the freighter to Zhanjiang.

According to a judicial order issued by Guangzhou Marine Court on 14 December, the "Jane Raybobby" is to present \$150,000 in cash or a guarantee acceptable to the court. As of now, the vessel is still in custody.

Northeast Asia

DPRK Vice President Meets PRC Union Group
OW1712103992 Beijing XINHUA Domestic Service in Chinese 0624 GMT 16 Dec 92

[By correspondent Zhang Jinfang (1728 6930 5364)]

[Text] Pyongyang, 16 Dec (XINHUA)—DPRK Vice President Yi Chong-ok said in Pyongyang today that the DPRK highly values the friendship between the Korean and Chinese people and that he hoped the friendship would continue to develop.

Yi Chong-ok made the above remarks during a meeting at the Mansudae Assembly Hall with a Chinese trade union delegation headed by Zhang Dinghua, vice president of the All-China Federation of Trade Unions and first secretary of the federation's Secretariat.

Yi Chong-ok extended his congratulations to the CPC for having successfully held its 14th National Party Congress. He said: Under the CPC's leadership, the Chinese people have scored tremendous achievements in their efforts to build socialism with Chinese characteristics. Currently, the Chinese people are working smoothly to implement the country's 10-Year National Economic Development Program and its Eighth Five-Year Plan.

Yi Chong-ok said: The friendship between the Korean and Chinese people was jointly developed by Comrade Kim Il-song and Mao Zedong, Zhou Enlai, Deng Xiaoping, and other Chinese proletarian revolutionaries of the older generation. This friendship has a long history and tradition, and it is continuing to develop. He expressed the hope that trade union organizations from both countries would increase exchanges to help develop the friendship between the two countries.

Also attending the meeting were Kim Yong-nam, vice chairman of the Central Committee of the General Federation of Trade Unions of Korea, and Zheng Yi, Chinese ambassador to the DPRK.

The Chinese trade union delegation arrived in Pyongyang on 14 December. Zhang Dinghua held talks with Kim Yong-nam on 15 December. During the talks, they exchanged views on the two countries' trade union work and on developing bilateral cooperation.

DPRK Provincial Delegation Visits Liaoning
SK1712122392 Shenyang LIAONING RIBAO in Chinese 9 Dec 92 p 1

[Text] At the invitation of the Liaoning Provincial CPC Committee, a seven-member Workers' Party of Korea [WPK] delegation from North Pyongan Province in the DPRK headed by Yi Chong-hui, chairman of the Inspection Committee of the North Pyongan Provincial WPK Committee, arrived in Shenyang on 7 December to pay a friendly visit.

That evening Sun Qi, deputy secretary of the Liaoning provincial party committee, received the Korean guests in the Youyi Guesthouse. During the reception, Sun Qi delivered a speech in which he said: Consolidating and developing Sino-Korean friendship represents the consistent guideline of the Chinese party and government. The determination of the Chinese people in upholding the Sino-Korean friendship has always been unswerving.

Yi Chong-hui also made a speech. He congratulated the successful convocation of the 14th CPC Congress and highly praised the tremendous achievements scored by various fronts in our country.

After leaving Shenyang, the Korean delegation will visit or make fact-finding tours among the cities of Liaoyang, Yingkou, and Dandong.

Japanese Minister Praises Ties, Emperor's Visit

HK1612175192 Beijing RENMIN RIBAO in Chinese
12 Dec 92 p 6

[Unattributed report: "Japanese Deputy Prime Minister Watanabe Answers RENMIN RIBAO Correspondents' Questions on Japanese-Chinese Relations, Other Issues"]

[Text] Michio Watanabe, deputy prime minister and foreign minister of Japan, recently gave a written reply to the questions raised by the RENMIN RIBAO delegation headed by Zhang Yunsheng, executive deputy editor-in-chief, and expressed his opinions on such issues as Japanese-Chinese relations, the Japanese Emperor's visit to China, and Asia-Pacific economic cooperation.

In discussing Japanese-Chinese relations, Foreign Minister Watanabe said that, 20 years ago, the two countries realized the normalization of their diplomatic relations by transcending the differences in their social systems and took an important step in establishing friendly relations. At present, Japanese-Chinese relations are not purely bilateral relations in their political and economic aspects, but also have great significance for peace and stability in the Asia-Pacific region and in the world. In my view, in the future, in order to realize "Japanese-Chinese relations in the world, and Japanese-Chinese relations making contributions to the world," the cooperation between the two sides will be of greater and greater importance.

Discussing the recent visit by the Japanese Emperor and Empress to China, Foreign Minister Watanabe said: His and her majesty's visit to China was the first such visit in the past 2,000 years of time-honored friendly relations between the two countries; thus, it was an epoch-making event. In particular, his and her majesty expressed their hope that people of the two countries would understand each other and maintain their friendship. Their feelings were frankly expressed in their words and deeds during the visit. The visit deepened the friendly and good-neighborly relations between the Japanese people and the Chinese people, laid a new foundation for the two countries' traditional exchanges, and provided an important opportunity for the two peoples to further deepen their mutual understanding and develop their friendship.

Watanabe said: At present, the Asia-Pacific region, including the East Asia region, is the most vigorous region with sustained economic growth in the world. It is expected that, in the years extending into the 21st

century, the Asia-Pacific economy will continue to grow at a rather high rate. The population in the Asia-Pacific region accounts for over 30 percent of the world's total, and there exists a variety of stages in historical, cultural, and economic development. It is also a region which is open to the entire world, and the degree of its openness is very high. Maintaining and developing a multilateral free trade system in the Asia-Pacific region has great significance for the development of the global economy. In the field of economic cooperation, this region is consistently a key region for Japan's foreign economic cooperation. This principle has been reaffirmed in the general program for development and assistance formulated by the Japanese Government last June.

Foreign Minister Watanabe highly praised the 14th CPC National Congress. He said: "The 14th CPC National Congress sought to further implement the reform and opening policy initiated by Mr. Deng Xiaoping in the theoretical, organizational, and personnel aspects. It charted the course of development for China in the 21st century. It was an extremely important meeting. Our country's basic policy toward economic cooperation with China is to provide as much cooperation as we can for China's implementation of its reform and opening policy, and this policy will be carried out further in the future." Japan is willing to conduct dialogue with China in all fields and to establish extensive cooperative relations.

The RENMIN RIBAO delegation visited Japan at the invitation of Japan's YOMIURI SHIMBUN.

Latin America & Caribbean

Cuban Foreign Trade Minister Arrives for Visit

Co-Chairs Economic Meeting
OW1612120092 Beijing XINHUA in English
1131 GMT 16 Dec 92

[Text] Beijing, December 16 (XINHUA)—The fifth session of the Sino-Cuban Joint Economic and Trade Committee opened here this afternoon.

Tong Zhiguang, Chinese vice-minister of foreign economic relations and trade (MOFERT), and Ricardo Cabrisas, visiting Cuban minister of foreign trade, co-chaired today's meeting.

The two sides viewed bilateral trade and economic cooperation in recent years and discussed possibilities for future cooperation.

The trade volume between the two countries reached 426 million U.S. dollars last year. Cuba has become China's largest trade partner in Latin America, MOFERT sources said.

During the current session, the two sides would discuss and sign a number of agreements, including a bilateral trade agreement for 1993.

Says Cuba Seeking Closer Trade Ties

*HK1712025492 Beijing CHINA DAILY in English
17 Dec 92 p 2*

[By staff reporter Wang Yong: "Cuba Bids for More Chinese Capital"]

[Text] Cuba is seeking closer economic cooperation with China in a bid to revive its flagging foreign trade.

A top Cuban official said yesterday the disintegration of the former Soviet Union (Cuba's erstwhile trading partner) and a trade embargo imposed by the United States have posed a threat to Cuba's foreign trade.

"We hope to see more Chinese investment in our country," said Ricardo Cabrisas, Cuba's foreign trade minister.

He spoke at the fifth session of the Sino-Cuban Joint Commission of Economic and Trade Cooperation which opened in Beijing yesterday.

He said Chinese investors could find niches in tourism and medical projects in the Caribbean country.

Trade analysts said Cuba wants to offset the U.S. embargo by inviting more foreign investment on its turf.

Cabrisas suggested China could also invest in mining in his country. But details were not available.

Cuba began to taper off its import volume in 1989 because of a declining buying capacity.

International prices for sugar and nickel, two of Cuba's major export items, have continued to fall in the world market.

The foreign trade minister expressed worries that Cuba's international buying capacity would further shrink in 1993.

While asking for increased Chinese investment, Cabrisas urged China to buy more medical equipment and biological products from Cuba.

"This will help reduce our trade deficit with China that has accelerated over the past decades," he said.

Tong Zhiguang, Chinese Vice-Minister of Foreign Economic Relations and Trade (Mofert), said China is considering increasing the variety of imports from Cuba, but he declined to give details.

"We appreciate it very much that Cuba has stuck to the socialist system, and we will provide help to Cuba at best," he said. [sentence as published]

Political & Social

'Leftist Mistakes' of 20-Year Period Viewed

HK1612143692 Beijing RENMIN LUNTAN in Chinese
Nos 7-8, 5 Nov 92 p 70

[Article by Hu Qiaomu (5170 0829 2606): "Why Did China Make 'Leftist' Mistakes for 20 Years?—Extracted From the First Issue of XUEXI (STUDY) of 1992"]

[Text] The road of China's socialist construction has been tortuous. In the 20 years from 1958 to 1978, China's economic development was characterized by turbulence and stagnation on the whole. Economic development was better only during the First Five-Year Plan and the period of reform and opening up after 1979. What, then, is the root cause of the "leftist" mistakes, which lasted for such a long time?

First, the attempt to promote China's economy at a speed higher than the national economic growth during the First Five-Year Plan, believing that this speed was possible.

Second, believing that economic construction cannot be separated from class struggle.

Third, the pursuit of utopian socialism, namely, egalitarianism in the economic field, self-sufficiency, constant mass movements, and continuous revolution.

Fourth, the deterioration of the international environment during the period from 1950 to 1970 and the overreaction to such a deteriorated environment.

Fifth, China's backward culture and lack of democracy. Poor economic production gave rise to poor culture. Moreover, the state of poverty and emptiness was considered China's advantage. Apparently, this aggravated the difficulties in eliminating poverty. During the revolutionary war years, it is true that Chinese peasants directly contributed more to the victory of the revolution than the intellectuals. Moreover, a number of influential intellectuals who joined the party either lost their confidence during the great revolutionary setback or became leftist dogmatists. This resulted in the party and state looking down upon knowledge, education, culture, and intellectuals after the founding of the PRC. Hence, there was no environment or force to check the tendency of "leftism."

Commentator on CPC's Historical Mission

HK1712081492 Beijing RENMIN LUNTAN in Chinese
No 3, 5 Jul 92 pp 4-5

[Commentator's article: "Solemn Mission of Contemporary Chinese Communists—Dedicated to the 71st Anniversary of the CPC's Founding"]

[Text] This year, the east wind of Comrade Deng Xiaoping's inspection tour to the south, the upsurge of fully implementing Comrade Deng Xiaoping's important

talks among the entire people throughout the country, and, particularly, the guidance in General Secretary Jiang Zemin's recent important speech at the Central Party School have brought special characteristics, new meanings, and greater significance of the times to our party's birthday. They have also added splendor and dazzling beauty to the CPC's party flag which has fluttered in the winds of history's advances and today's reform and opening.

The 71 years has recorded hardships, twists, and turns and also victories and brilliance. In the course of advancing over the 71 years, the CPC experienced victories and setbacks, high and low tides, favorable and unfavorable situations, and undergone innumerable tests. However, the party never forgot its glorious historical mission under any circumstances. That was the driving force which enabled us to surmount all difficulties and obstacles in the course of advances and to win one victory after another.

By reviewing the party's brilliant history in the past 71 years, and deeply understanding the spirit of Comrade Deng Xiaoping's important talks when he inspected the south early this year, we feel strongly that we will shoulder greater responsibilities in the future. In his speech at the meeting commemorating the 70th anniversary of the CPC's founding, Comrade Jiang Zemin said: "The solemn mission for contemporary Chinese Communists is: Adhering to the party's basic line; uniting and leading the people of all nationalities throughout the country; advancing along the course of building socialism with Chinese characteristics; relying on our own strength; doing pioneering work through hard struggle; and building our country into a modern socialist one with a high degree of prosperity, democracy, and civilization." This not only expressed the solemn historical mission shouldered by contemporary Chinese Communists but also the lofty aspirations of the Chinese nation as a whole.

To fulfill our solemn mission, we must unify our thinking with the theory and the line of building socialism with Chinese characteristics initiated by Comrade Deng Xiaoping. We should be fully aware that the theory and the line of building socialism with Chinese characteristics constitute an integrated scientific system. It is: A correct generalization of the positive and negative experience of the international communist movement, especially our country's socialist construction in the past decades; is the application and development of Marxism-Leninism-Mao Zedong Thought under the new historical conditions; the great achievement of the Chinese people in creating history; and it is the crystallization of the collective wisdom of Chinese Communists, especially the proletarian revolutionaries of the older generation. In the last more than 10 years, we have made great achievements under the guidance of this theory and line, a fact known to the whole world. The important talks Comrade Deng Xiaoping gave early this year when inspecting the south maintained, enriched, and developed this theory and this line; further pointed out the

clear orientation for our practice of building socialism with Chinese characteristics; and answered many major and fundamental current questions in our country and in the world. The talks are of profound and great theoretical significance and also have distinct practical pertinence. They have evoked strong repercussions at home and abroad. We must conscientiously study, and fully and accurately understand, the talks and work wholeheartedly to put them into practice. Only thus can we fulfill the solemn mission entrusted to us by history.

To fulfill our solemn mission, we must adhere unwaveringly to the party's basic line for the next 100 years. To keep the party's basic line unchanged for 100 years also means keeping the central position of economic construction unchanged for 100 years. The fundamental task of socialism is to emancipate and develop the productive forces. The superiority of socialism finds expression in its ability to promote the development of productive forces faster and more efficiently. Therefore, all of our work should be brought into line with and serve this central link. The key to "developing ourselves by grasping the opportune moment" lies in developing the economy. Economic construction is the fundamental issue. With the economy being boosted, we will be able to increase our comprehensive national strength, enable our people to lead a well-to-do life, and hold a favorable position when dealing with various contradictions and problems. In recent years, certain stern facts in the domestic and international situation existed but we were able to stand the tests. The fundamental reason lay in the fact that, through reform and opening, our economy developed substantially and the people's living standards were greatly enhanced. Socialist China should stand in the East of the world in a more majestic posture and must first concentrate its strength on properly handling domestic affairs. The key lies in boosting the national economy faster and more efficiently and striving to raise it onto a new stage every few years.

To fulfill our solemn mission, we must persevere in reform and opening up and continuously emancipate and develop the productive forces. Revolution is the emancipation of productive forces but reform is also the emancipation of productive forces. This is the truth proved by our country's historical experience in the past decades. To realize the lofty aspirations of the Chinese nation, we must further emancipate and develop productive forces through reform and opening under the socialist system. The tremendous changes in our country's socioeconomic conditions over the past more than 10 years fully show that reform and opening up can provide the strongest driving force for emancipating and developing the socialist productive forces. To achieve the second-step strategic objective, and to realize modernization in all fields, we must quicken the pace of reform and opening. At present, we should be bolder in carrying out reform and opening and we can further quicken the pace of reform and opening up. We should emancipate our minds, make bold explorations, dare to try new things, dare to make breakthroughs, and dare to

do something others have never done before. At the same time, we should also be good at adopting and assimilating all achievements of civilization created by human society, adopting and assimilating the advanced technology and all advanced operation forms and management methods in various countries of the contemporary world, including the developed Western countries. Thus, the pace of our economic development can be made quickened. The criterion for judging whether something bears the surname "socialism" or "capitalism," and for judging whether reform and opening up are successful or unsuccessful, should mainly be whether or not it is conducive to the development of the productive forces in socialist society, whether it is conducive to increasing the comprehensive national strength of the socialist country, and whether it is conducive to the enhancement of the people's living standards. By really using these three criteria to measure our actions we can further emancipate our minds.

To fulfill our solemn mission, we should also pay attention to adhering to the four cardinal principles throughout the whole process of reform and opening up. Only socialism can rescue China and only socialism can develop China. In the whole process of reform and opening up, we must always pay attention to adhering to the four cardinal principles. This is Comrade Deng Xiaoping's constant idea. In the important talks during his inspection tour to the south, Comrade Deng Xiaoping further stressed: Without adhering to socialism, without reform and opening up, without developing the economy, and without improving the people's livelihood, there will only be the road to ruin. To adhere to socialism, we must remain vigilant against the ideological trend of bourgeois liberalization, be on the alert against it when its symptoms appear, and we must never allow it to go unchecked. Otherwise, the consequences will be very serious. Comrade Deng Xiaoping pointed out: Activities of pursuing liberalization and creating turmoil will damage stability and seriously endanger the four modernizations. The primary precondition for China to achieve the strategic objective of its development is political stability. This must be explained to the people so that they can judge what is right and what is wrong and can weigh the advantages and disadvantages. "What is right and what is wrong on this issue has a bearing on the fundamental interests of our nation; and the advantages and disadvantages in this regard are related to the fundamental objective of socialism in our country, that is, they concern the critical question of whether or not we can achieve our targets in this century and the next century." In recent years, the world's socialist cause has encountered serious setbacks. The drastic changes in East Europe and the dissolution of the Soviet Union show that it is very difficult to build socialism but it is easy to destroy socialism. This has added to the historical mission on our shoulders. We must, under the leadership of the CPC, use the strength of the people's democratic dictatorship to defend the socialist system, defend the achievements of reform and opening up, and promote

economic development and social progress. Thus, we shall be able to hold our ground and stand in an invincible position.

To fulfill our solemn mission, we must grasp the current opportune moment to endeavor to develop ourselves. Grasping the opportune moment to develop ourselves is a strategic viewpoint for policymaking repeatedly stressed by Comrade Deng Xiaoping over the past more than 10 years and was also a prominent subject in his important talks when he inspected the south early this year. Only by getting a clear understanding of the situation can one grasp the opportune moment. At present, the international environment and foreign relations show that the old world pattern has been broken but the new world pattern has not taken shape yet. The world is still situated in a turbulent condition full of various contradictions but peace and development remain the main world current. In recent years, because our country constantly pursued an independent peace-oriented foreign policy under the turbulent international situation, we succeeded in developing good-neighborly and friendly relations with neighboring countries, broke through the sanctions imposed by some countries against us, and further expanded our foreign relations and foreign exchanges. This has created a better external environment for our country's socialist modernization. We should grasp this opportunity to greatly develop ourselves. We must not let slip the opportunity, which may never come again. We should firmly bear in mind our solemn mission, grasp the opportunity, concentrate our strength, and more quickly advance the great cause of building socialism with Chinese characteristics.

To fulfill our solemn mission, we must strive to intensify our party building in the course of reform and opening up. Recently, General Secretary Jiang Zemin made an important speech in the Central Party School and said: "The key to advancing the cause of building socialism with Chinese characteristics in all fields lies in effectively strengthening and improving the party's leadership and striving to enhance the whole party's fighting effectiveness." Here, General Secretary Jiang particularly pointed out: "At present, the historical conditions and the social environment have changed and the tasks shouldered by the party have also changed. Therefore, the forms and methods of party building and party leadership should also be changed or improved correspondingly." Yes. The party's history over the past 71 years is brilliant but the successful experience of party building for 71 years should be continuously used and developed in connection with today's new reality of reform and opening up. Some old experiences and methods are not enough; there must be unlimited creativity and vigor for building socialism with Chinese characteristics. Only thus can our party be full of vigor, vitality, and dynamism after passing its 71st birthday. This requires that we redouble our efforts in theory and practice to advance party building in all fields in the course of reform and opening up in accordance with Comrade Deng Xiaoping's idea about building socialism with Chinese characteristics.

When we step onto the new stage of China's reform and opening up with pride and enthusiasm, we feel more deeply that the solemn historical mission shouldered by the Chinese Communists is great and arduous. The contemporary Chinese Communists bear the unshirkable responsibility for announcing the thorough end of an era of being poor, backward, weak, and defenseless. The selflessness, wisdom, and heroism shown by the Chinese Communists during the past 71 years through their indomitable efforts to promote the development of social productive forces and social civilization will certainly encourage the entire Chinese people to keep firmer confidence in winning prosperity, affluence, and powerfulness for their nation within this century and to keep greater determination and courage for carrying out the cause of reform and opening up throughout to the end. Indeed, the future is bright but the road ahead will be tortuous. However, the struggle has begun, the banner has been unfolded, and the victory has won guarantees. The contemporary Chinese Communists are duty-bound not to turn back and will only press forward with indomitable will in the course of building socialism with Chinese characteristics.

Jiang Zemin, Qiao Shi Address Judicial Meeting

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[By Central People's Radio Network reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Zou Aiguo (6760 1947 0948)]

[Text] Beijing, 16 Dec (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee and Qiao Shi, member of the CPC Central Committee Political Bureau Standing Committee, took part in a forum at the Great Hall of the People this afternoon with some representatives who are attending the national working conference on judicial and public security work. They discussed issues ranging from the current situation at the judicial and public security front, to the important tasks of enhancing judicial and public security work.

General Secretary Jiang Zemin spoke at the forum. He said that the 14th CPC National Congress has set a new and higher demand on judicial and public security work and that under the new situation of accelerating the pace of reform, opening up to the outside world, and modernization construction, the tasks for judicial and public security departments have become more arduous. Judicial and public security work must be enhanced and not be weakened. Personnel at all levels of party committees, governments, and judicial and public security departments must fully recognize that the strengthening of building a socialist legal system and performing a good job in public security work are extremely important in ensuring the smooth progress of economic construction, and of reform and opening up. They must, with a high sense of responsibility, shoulder the glorious political task of maintaining social stability.

Prior to the forum's opening, Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huqing, Hu Jintao, and other leading comrades met with all representatives to the national working conference at the Great Hall of the People.

Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Political and Legal Commission, presided over the forum. Shu Huade, deputy secretary general of the Central Political and Legal Commission, briefed forum participants on the national working conference of judicial and public security work. Gao Changli, deputy secretary of the Shandong provincial CPC committee; Yuan Qitong, deputy secretary of the Fujian provincial CPC committee; Fang Bao, member of the Guangdong Provincial CPC Committee Standing Committee; and Ni Hongfu, deputy secretary of the Shanghai Municipal CPC Committee, spoke at the forum. By proceeding from their local conditions, they spoke about the need to have a full understanding of the important position of judicial and public security work in the new situation; to strictly enforce the law and to enhance supervision of law enforcement; to better implement various measures on the comprehensive management of public security and to maintain long-term social stability; and to enhance and reform judicial and public security work.

After the participants addressed the meeting, Jiang Zemin delivered an important speech. He said: Maintaining political and social stability under the strategic principle of "performing two tasks simultaneously" will provide a political guarantee for achieving smooth progress in reform, opening up, and modernization, and for concentrating on economic construction. It is an important step toward building socialism with Chinese characteristics. Without political unity and stability, we cannot accomplish anything. How can we concentrate on economic construction if law and order in a given locality is so bad as to deprive the people of a sense of security?

Jiang Zemin said: We should open more markets and fully exploit the role of market forces, if we want to build a socialist market economy and to make it function. Meanwhile, we should strengthen the state's macroeconomic regulation and control through the necessary economic, legal, and other administrative means. Whether it is market regulation or macroeconomic regulation and control by the state, we should constantly sum up our experiences and gradually incorporate them into the law. We cannot possibly foster good order in the socialist market economy in the absence of a sound socialist legal system. At present, judicial, procuratorial, and public security departments should place greater emphasis on the tasks of attacking criminal activity that disrupt the market economy; strengthening the administration of justice in the economic sphere; providing better legal advice; and improving public security management to facilitate the circulation of manpower, financial resources, and materials, as well as the establishment

of various types of markets. They should give higher priority to providing legal services and legal support.

On enforcing the law strictly and strengthening supervision over law enforcement, Jiang Zemin said: One of the important tasks set by the 14th CPC National Congress is to achieve significant progress in promoting socialist democracy and socialist legal institutions. Besides accelerating the legislative process, a current principal task is to enforce the law strictly and to establish the authority of the socialist legal system. Party committees and governments at all levels should act exemplarily in enforcing the constitution and the law, and they should prevent and remedy the practices of arbitrary intervention by people in authority, abusing one's power in violation of the law, and interfering with law enforcement. Meanwhile, they should adopt effective measures to support and supervise efforts by courts of law and procuratorates to exercise their functions independently in accordance with the law and to enforce the law fairly. They should resolutely eliminate local protectionist practices during the course of law enforcement, and promote the formation of a unified and open market across the country.

Jiang Zemin noted: Judicial, procuratorial, and public security departments and the broad ranks of cadres and policemen should handle matters in strict accordance with the law, uphold the principle of making everybody equal before the law, demonstrate fairness and honesty, remain impartial and incorruptible, and resolutely correct the failure to abide by the law, to enforce the law strictly, and to investigate lawbreaking acts. They should enforce the law strictly, along with efforts to implement the party's basic line, principles, and policies, and to submit to the leadership of party committees. Party committees, governments, and the standing committees of people's congresses at all levels should strengthen supervision and inspection of law enforcement efforts, and they should gradually institutionalize these functions. Meanwhile, judicial, procuratorial, and public security departments should institute and improve their internal supervision mechanisms. We should gradually enact laws regarding supervision by the masses and through public opinion. Judicial, procuratorial, and public security departments must take account of general interests, and the fundamental interests of the party and the people. In conducting their work, they should increase cooperation, closely coordinate their efforts, support each other, and regulate each other's actions in accordance with the law. Through these efforts, they will become a leading force that serves as a powerful apparatus of the people's democratic dictatorship.

Jiang Zemin said emphatically: Improving all aspects of public order is a fundamental way to solve our country's problems regarding public security, as well as to prevent and reduce lawbreaking and criminal acts. This effort is a major innovation of the people of our country. All localities and departments should persist in this effort, so that various measures designed to improve all aspects of public order can be implemented at the grass-roots level. These measures include crackdown, prevention, and

education. In maintaining public order, we must uphold the principle of pooling the efforts of special organs and the broad masses. We should recognize that our efforts to improve all aspects of public order, and our ability to maintain social stability, are related to our efforts to implement the party's basic line and to persist in "performing two tasks simultaneously." We should evaluate the performance of party committees and governments at all levels, as well as leading cadres of various departments, against these criteria.

On reform of judicial, procuratorial, and public security work, Jiang Zemin said: Under the unified leadership of party committees, judicial, procuratorial, and public security departments should further emancipate their minds, renew their concepts, and seriously sum up and promote their experiences. Moreover, they should pay attention to assimilating all advanced achievements in the world that are useful to us. They should gradually promote reforms in various areas, including those related to the judicial, procuratorial, and public security system; the establishment of relevant organs; the enactment of policies, laws, and regulations; and operational methods. This will help improve the general level of judicial, procuratorial, and public security work, and will better ensure and promote smooth progress in reform, opening up, and modernization.

Jiang Zemin stressed the need to manage the police force strictly and to raise the political and professional standards of the judicial, procuratorial, and public security ranks. He said: Our judicial, procuratorial, and public security ranks should always be a contingent of fine personnel who are loyal to the party and the people, fear neither hardships nor sacrifice, and are equipped with fighting capability. In the new situation, which is characterized by the development of a socialist market economy, many new phenomena, including new problems which we have never encountered before, will appear. Our judicial, procuratorial, and public security ranks must raise both their political and professional standards; otherwise, they will not be able to efficiently serve the needs of reform, opening up to the outside world, and economic construction. Aside from making vigorous efforts to strengthen education and training, we must also enforce strict organizational discipline. We must always take care to preserve the purity of our judicial, procuratorial, and public security ranks. We must earnestly investigate and deal with serious violations of law and discipline by a small number of cadres and policemen; on no account should we allow law enforcing personnel to break or bend the law for the benefit of relatives or friends. We must promote healthy tendencies, take strong measures against criminal elements, protect the people's safety and interests, and do people good turns in a tangible way to promote our inseparable ties with the masses, ties that are as close as fish and water.

In his speech, Comrade Qiao Shi said: In terms of the international and domestic situation, the judicial, procuratorial, and public security task we face will become

even more arduous and difficult. The experience of various localities has shown that persisting in "stern measures against serious crimes" and adopting other comprehensive measures to improve social order are essential to safeguarding political and social stability. While concentrating on "stern measures against serious crimes," we must unrelentlessly mobilize all departments and the masses to improve social order through comprehensive security measures. Qiao Shi said: The central authorities attach great importance to judicial, procuratorial, and public security work. I hope that party committees and governments at all levels will take a continuous interest in and attach importance to judicial, procuratorial, and public security work, and bring into full play the function of the judicial, procuratorial, and public security organs to make new contributions to safeguarding social stability.

Wang Fang, state councillor, and Liu Fuzh, procurator general of the Supreme People's Procuratorate, attended the meeting and forum.

Article on Jiang Zemin's Party School Speech

HK1712092592 Beijing *RENMIN LUNTAN* in Chinese
No 5, 5 Sep 92 pp 20-23

[“Theoretical Study” column by Lu Jining (4151 0370 1337): “March With Giant Strides Along the Path of Building Socialism With Chinese Characteristics Charted by Deng Xiaoping—Impressions of Studying Jiang Zemin's Important Speech at the Central Party School”]

[Text] When delivering an important speech at the CPC Central Committee Party School on 9 June, General Secretary Jiang Zemin emphatically pointed out: One party important task at present is to profoundly understand and comprehensively implement the gist of Comrade Deng Xiaoping's recent important talks and further bring the enthusiasm, initiative, and creativity of the vast numbers of cadres and people into play so that it will become a powerful force for faster reform and opening up to the outside world as well as faster economic development. This speech is of great instructive significance in helping the whole party and Army as well as the people all over the country deepen their understanding of the gist of Deng Xiaoping's important talks, further unifying their thinking and understanding, and promoting our construction in various fields of endeavor and the reform cause. Conscientiously studying and firmly implementing this important speech will enable us to march with giant strides along the path of building socialism with Chinese characteristics charted by Deng Xiaoping.

The Speech Brilliantly Summarizes the Central Idea of Deng Xiaoping's Important Talks

Centering on how to profoundly understand and comprehensively implement the gist of Deng Xiaoping's important talks and on concentrating efforts on carrying out economic construction and reform and opening up

faster and better, Jiang Zemin's important speech expounds nine important questions, which we should seriously study and carefully understand one by one. However, overall, the nine questions have 1) profoundly expounded the basic gist of Deng Xiaoping's important talks; for example, the speech has given further explanations and splendid deliberations on Deng Xiaoping's remarks, such as that reform is also aimed at liberalizing productive forces, we should insist on "doing two types of work simultaneously," and we should mainly prevent leftism while guarding against rightism; 2) answered the several major problems in China's current reform and opening up as well as economic development which badly need solutions, for example, the speech has pointed out the four things to which attention should be paid and the four central problems which should be solved speedily while establishing a socialist market economic structure; and 3) set clear requirements for implementation of the gist of Deng Xiaoping's important talks, urging taking concrete measures to integrate the implementation with the actual conditions of specific localities and striving for practical results. The three aspects mentioned above are interrelated. However, the first aspect merits our attention and earnest understanding, because the other two aspects gave their answers and set their requirements in accordance with the main gist of Deng Xiaoping's important talks.

Thanks to his profound study of the main gist of Deng Xiaoping's important talks, in his speech Jiang Zemin also brilliantly summarized the central idea of the talks, that is, firmly, unswervingly, and comprehensively implement the party's basic line of "one center, two basic points," emancipate the mind, seek truth from facts, go all out and boldly conduct experiments, remove all obstructions, seize the opportunity, quicken the pace of reform and opening up, concentrate energies on developing the economy, and make constant efforts to comprehensively push forward the cause of socialism with Chinese characteristics. This central idea of Deng Xiaoping's talks is also his consistent thinking since the Third Plenary Session of the 11th CPC Central Committee. However, it was Jiang Zemin's speech that was the first to clearly and brilliantly summarize it. To firmly grasp this central idea in both our understanding and work, we are trying to understand why the speech made such a summarization of the central idea of Deng Xiaoping's talks.

It is necessary to unswervingly and comprehensively implement the party's basic line of "one center, two basic lines"—this is the basic gist of Deng Xiaoping's talks and a general demand set for the whole party and the people throughout the country. Deng Xiaoping stressed: The basic line should be operative for 100 years and must not be shaken. Without upholding the basic line, there can only be the road to ruin [zhi neng shi si lu yi tiao 0662 5174 2508 2984 6424 0001 2742]. He pointed out: We firmly oppose bourgeois liberalization. Without the results of reform and opening up, we would have failed to pass the test of the 4 June incident. The

people support the party's basic line wholeheartedly. They will not allow anyone to change the party's line, principles, and policies. Those who do so may be overthrown at any time. Only when the party's basic line is carried out unswervingly and comprehensively can China enjoy long-term political stability and can it have good prospects. Since this issue is of most fundamental importance, when summarizing the central idea of Deng Xiaoping's talks in his speech, Jiang Zemin put it in the most prominent position. Seizing the opportunity, quickening the pace of reform and opening up, concentrating energies on developing the economy, and making constant efforts to comprehensively push forward the cause of socialism with Chinese characteristics are the starting points and basic purpose of Deng Xiaoping's talks. What Deng Xiaoping is most concerned about is developing China's economy and making China prosper. For this purpose, he stressed quickening the pace of reform and opening up, emphatically said that development is a solid argument, and pointed out that it is necessary to uplift our economy to a new level every few years while striving for better efficiency and coordinated development. Firmly grasping this idea, Jiang Zemin's speech suggested that the national economy must have a positive growth rate. Slow development will not work, let alone stagnation. Otherwise, the situation will be like this: "A boat sailing against the current must forge ahead or it will be driven back." The speech also expounded the need to make continued efforts to comprehensively push forward the cause of socialism with Chinese characteristics while expediting economic construction as well as reform and opening up.

Emancipating the mind, seeking truth from facts, going all out, boldly making experiments, and removing all obstructions are the ideological weapons with which Deng Xiaoping provided us in his talks to counter the various erroneous tendencies, mainly the "leftist" tendency, hampering economic development. They serve as an ideological and political mobilization and a key to whether or not the gist of his talks can be implemented. Deng Xiaoping pointed out: We must be a little bolder in reform and opening. We must have the courage to make experiments. Without some spirit of a pathbreaker, we will be unable to accomplish something new. He said analytically: Fear of breaking through is, in the final analysis, fear of taking the capitalist road. It is "leftist" arguments to regard reform and opening as importation and development of capitalism and assert that the main danger of peaceful evolution comes from the economic field. The "leftist" influences are deep-rooted in China. China must guard against rightism, but mainly prevent "leftism." In his speech, Jiang Zemin incisively elaborated these important points of Deng Xiaoping's talks. He said: Ideological emancipation is a magic weapon, a weapon helpful for us to maintain our vigor and vitality forever in our thinking and work. We should be good at proceeding in all cases from actual conditions and strive to forge ahead while opening up new prospects in work. While dialectically combining ideological emancipation with seeking truth from facts, going all out with having

the courage to make experiments, and preventing "leftism" with guarding against rightism, Jiang Zemin's speech emphatically expounded the question of why ideological emancipation should be conducted and particular attention should be paid to preventing "leftism" and seriously criticized the "leftist" views and expressions which regard reform and opening as taking the socialism road and batter economic construction as the center by using the idea of "taking class struggle as the key link." The party's principal leaders of two generations clearly pointed out for us: The key to whether or not we can develop the economy and carry forward the cause of socialism with Chinese characteristics comprehensively lies in whether or not we can emancipate our minds, seek truth from facts, go all out, boldly make experiments, and remove all obstructions, mainly the "leftist" one. This is where the quintessence and crucial point of their talks and speech lie. We must study and understand it conscientiously and implement it resolutely.

The Speech Highly Appraises the Historical Contributions Deng Xiaoping Has Made in Directing China in Taking a Correct Path of Development

Deng Xiaoping is an important member of the party's and state's collective leadership of the first generation and the chief architect of China's reform and opening up. He has made extremely outstanding contributions to China's cause of revolution, construction, and reform and opening up. Jiang Zemin's speech emphatically pointed out: Deng Xiaoping forwarded the party's basic line of "one center, two basic points," advanced the theory of building socialism with Chinese characteristics, and guided China's modernization to a correct path of development, thus scoring achievements which have attracted world attention. These are his new historical contributions to the party, the state, the nation, and the people and also the most important reason China's socialism managed to withstand the rigorous test and establish itself in an unassailable position in the changing international situation. Jiang Zemin's speech correctly and highly appraised Deng Xiaoping's new historical contributions. This is of great theoretical and practical significance in further deepening the understanding of the whole party and the people throughout the country on the issue, because not all comrades in the party have had a clear understanding of his new historical contributions. Although they have done a lot of useful work for a long time, including in the period of bringing order out of chaos, in reality, some comrades have not freed themselves from the perennial "leftist" ideological trammels and their understanding has always stayed at the level of dogmatically understanding some Marxist books or unscientifically understanding and even completely distorting socialism. In fact they have all along not fully understood why the line and theory initiated by Deng Xiaoping are correct and why they are developed and living Marxism. They have particular doubts about "taking economic construction as the center." Consciously or unconsciously, they would judge the various new things arising in the course of reform

and opening up using the past method of "class analysis" and the viewpoint of "taking class struggle as the key link." Once something occurred at home or abroad, they would urgently urge retreat from "taking economic construction as the center" to grasping class struggle. For example, in recent years when drastic changes took place in some countries, they spread propaganda saying that the changes were a confirmation of their viewpoint favoring paying particular attention to class struggle. The reasons, historical and practical, internal and external, for the drastic changes that these countries underwent were very complicated. This article would not like to discuss them here. However, what is quietly clear is that our country has withstood the test. Jiang Zemin's speech clearly pointed out: The reason is precisely that we have never deviated from the basic line of "one center, two basic points" initiated by Deng Xiaoping and always followed the correct development path of building socialism with Chinese characteristics, a path charted by Deng Xiaoping—is this not precisely to the point?

Jiang Zemin's speech gave a completely scientific and accurate revelation of the great historical position of Deng Xiaoping's theory of building socialism with Chinese characteristics. The speech emphatically pointed out: The opening up of the path of building socialism with Chinese characteristics and the formation of the theory line, principles, and policies concerning that building mark that our socialist cause has entered a new stage of development and that an unprecedented, new leap has been achieved in our party's scientific understanding of socialism, as one may say with complete assurance. These remarks are worth earnestly understanding. In the last 30 years from the founding of the PRC to the Third Plenary Session of the 11th CPC Central Committee, we have achieved many brilliant successes. However, since we lacked experience, had an inadequate understanding of the laws governing the development of the socialist economy and the basic conditions of the Chinese economy, the "leftist" mistakes dominated our guiding ideology for a long time, and we magnified class struggle, in reality we have all along not yet found a successful path of building socialism which tallies with China's national condition. It was Deng Xiaoping who proposed, with his Marxist truth-seeking spirit and theoretical courage, that the whole party restore the ideological line of seeking truth from facts, cast away the "two whatevers," proceed in all cases from the realities in China, and firmly shift the focus of the work of the whole party to socialist modernization with economic construction as the center. In light of the concrete national condition China was in at the initial stage of socialism, he formulated the party's basic line and a series of principles and policies. In the last 10 years or so, this complete set of Deng Xiaoping's theory of building socialism with Chinese characteristics has produced great successes in practice.

If the revolutionary path of encircling the cities from the rural areas, which was initiated by Mao Zedong during the revolutionary war years, is said to be the Chinese

communists' great creation and development of Marxism and an indicator showing that an unprecedented leap had been achieved in our party's scientific understanding of the proletarian revolution, then one may equally say so when it comes to the path of building socialism with Chinese characteristics, a path initiated and charted by Deng Xiaoping. These two leaps have separately pointed out the way of success and victory for China's revolution and construction. The Chinese communists and people will be proud of them forever.

The Speech Sets an Important Task of Strengthening Party Building and Improving the Party's Leadership Competence for the Whole Party

To enhance the willingness and steadfastness of comrades in the whole party, in particular leading cadres at all levels, to implement Deng Xiaoping's important talks, unify the whole party's understanding of the gist of the talks, and make concerted efforts to continuously open a new situation in China's economic construction as well as reform and opening up, in his speech, Jiang Zemin set an important task of strengthening party building and improving the party's leadership competence for the whole party. The following important aspects are particularly worth earnestly understanding.

First, Jiang Zemin urged the party's leading cadres at all levels, in particular high-ranking cadres, to strive not only to study Deng Xiaoping's numerous strategic ideas, theoretical viewpoints, and principles concerning policy-making since the Third Plenary Session of the 11th CPC Central Committee, but also to learn from his practical and realistic approach and application of the Marxist stand, viewpoint, and method in studying new developments and solving new problems. This requirement is of extremely far-reaching and universal significance. China's socialist construction as well as reform and opening up are an unprecedentedly great and arduous and complex cause in human history. It is developing extensively and intensively and on an unprecedentedly grand scale, involving many levels (from the central to the grass-roots level), and many aspects (economics, politics, theory, law, culture, science and technology, education, and military). New developments, new problems, new opportunities, and new challenges have emerged one after another in large quantities. True, it is important to study Deng Xiaoping's works, instructions, and viewpoints well, but what is more important is to study and master his consistent practical and realistic approach and the Marxist stand, viewpoint, and method with which he handles various problems, that is, the dialectical materialist mode of thinking. In this way we can keep improving our leadership competence and art of leadership, promptly and properly handle various new problems and do a good job of leadership work in the new period.

Second, Jiang Zemin pointed out: To guard against rightism and mainly prevent "leftism," first of all, leading cadres of the party are encouraged to deepen their understanding of the harmfulness of rightism and

in particular "leftism" through better study. He also incisively revealed that both "leftism" and rightism are one-sided in nature. The two stem from subjective idealism. Thus, he pointed out the basic method with which to prevent and oppose the "leftist" and rightist erroneous tendencies. Some comrades who hold a skeptical and negative attitude toward reform and opening up often spread "leftist" viewpoints and regard themselves as very revolutionary. The "leftist" viewpoints they spread have, more often than not, some revolutionary coloring, which easily confuses people. However, it cannot bear close scrutiny. Can these "leftist" viewpoints stand the test of practice? Are they beneficial to the party's cause and the broad masses of the people? In fact, they are not only useless but also terribly harmful. This has been proved by many facts. Although "leftism" and rightism are different in expression, they all stem from subjective idealism and are divorced from reality, the masses of the people, and the practice of the masses of the people. So we must oppose them. Only when we gain a clear idea of the harmfulness of "leftism" and rightism and the source of their existence through better study can we better prevent and overcome the two erroneous tendencies.

Third, Jiang Zemin pointed out: The key to comprehensive development of the socialist cause with Chinese characteristics lies in effectively strengthening and improving the party's leadership and striving to enhance the whole party's combat capability. Now historical conditions and the social environment have changed. So has the mission the party shoulders. This being the case, party building and the ways and means of party leadership should also be changed or improved appropriately. This pointed out for us the significance and necessity of strengthening and improving the party's leadership. Our party is the loyal representative of the people's interests and the core of leadership of the socialist cause with Chinese characteristics. Except for our party, no other force can lead the cause to success and can lead the 1 billion Chinese people in embarking on the road of common prosperity and enjoying a prosperous life together. Our party has a glorious history and rich experience in leadership work and party building, but due to historical and social conditions and since the party's mission has changed, sole reliance on old experience and methods will not suffice. There should be new creations. For this purpose, we should conscientiously study Deng Xiaoping's theory of building socialism with Chinese characteristics, including the gist of his recent talks, energetically strengthen party building, continuously improve the party's leadership competence, do a better job of the work in various fields, and forge ahead with giant strides along the path of building socialism with Chinese characteristics charted by Deng Xiaoping.

Tian Jiyun Speech on Alleviating Poverty

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[Speech by Vice Premier Tian Jiyun "during an inspection of aid-the-poor work in Gansu and Qinghai": "A Long-Term Arduous Task and Glorious Historical Mission"]

[Text] Beijing, 13 Dec (XINHUA)—The main purpose of my current tour of Gansu and Qinghai is to review the progress in aid-the-poor work, and to visit cadres and the masses in poor areas. In the past few days during my visit to the Hedong area in Qinghai Province, and Lanzhou city's Yongdeng County, Linxia Hui Autonomous Prefecture, and Dingxi Prefecture in Gansu Province, I have witnessed tremendous achievements scored by these places in the comprehensive development of agriculture and aid-the-poor work through efforts over the years and under the leadership of the Gansu and Qinghai provincial party committees and governments. I am very happy that they have made some improvements in primary production conditions, accelerated the economic development, and solved the problem of providing enough to eat and wear for the majority of the previously impoverished population. Hence, I would like to pay high tribute and extend warm regards to the large number of cadres who have toiled perennially in poor areas as well as to the masses who have worked assiduously and self-reliantly to change the impoverished outlook.

Here, based on my experiences during my current visit and in conjunction with aid-the-poor work nationwide, I would like to discuss the following two points:

I. Great Achievements in Aid-the-Poor Work Over More Than a Decade

Comrade Deng Xiaoping has said: Poverty has no place in socialism. To lead the broad masses of people in liberating themselves, casting off poverty, and becoming well off is our party's fundamental goal and consistent policy, as well as a long-term historical mission entrusted to us by the people. Especially since the Third Plenary Session of the 11th CPC Central Committee, the party Central Committee and the State Council, while introducing reform and opening up across the country, have further stepped up the effort to assist the poor.

The "three Xi's" in the Gansu-Ningxia border region [Dingxi and Hexi in Gansu, and the Xijie-Haiyuan-Guyuan sector of Ningxia], reputedly "the poorest place in the world" and one of the most impoverished regions with a concentrated poor population in the country, was selected as a pioneer to carry out aid-the-poor work nationwide when the party Central Committee and the State Council decided to do so in 1982.

In 1984, the party Central Committee and the State Council issued the "Circular on Helping Poor Areas Change Their Appearance as Soon as Possible."

In 1986, the State Council set up a special "Leading Group for the Economic Development of Impoverished Areas" and adopted a series of reform measures and preferential policies. Thus, the work was launched nationwide in all fields.

Through arduous efforts over the years, the "three Xi's" and other poor regions in the country have achieved great results in assisting the poor and developing impoverished areas.

Nationwide, the peasant population with per capita net income below 200 yuan has dropped 78.4 percent to 27 million from 125 million in 1985. Of them, the per capita net income of 331 key impoverished counties subsidized by the state has increased to 377.7 yuan from 208.6 yuan in 1985; and nearly 50 percent of the counties have a per capita net income of 400 yuan or more.

In the "three Xi's," the number of poverty-stricken households having yet to solve the problem of food and clothing has dropped to 10 percent from the original 75 percent of the total farming population; whereas in Qinghai Province, the number has decreased to less than 10 percent from the original 42.9 percent.

Overall, as of 1991, impoverished areas nationwide had basically solved the problem of food and clothing for the majority of their population, a target set by the State Council to be accomplished at the end of the Seventh Five-Year Plan [1986-90].

The practice has proved that the important policy decision on assisting the poor, adopted by the party Central Committee and the State Council while advancing reform and opening up, is entirely correct. In promoting reform and opening up, we should not forget aid to the poor. We should let a segment of the population and some regions become prosperous first so that they can help others become prosperous, thereby realizing common prosperity. The aid-the-poor policy fully reflects the profound concern and great importance attached by the party Central Committee and the State Council to poverty-stricken areas, old revolutionary base areas, and regions inhabited by minority nationalities; it also reflects our party's fundamental goal and glorious tradition of serving the people wholeheartedly and caring for the hardships of the masses, as well as the superiority of the socialist system, which has received heartfelt support from cadres and the masses. The people of poor areas have universally acclaimed aid to the poor as a major contribution of the CPC, for it has solved a problem which previous administrations failed to do. International public opinion has responded favorably, saying that the Chinese Government has been quite successful in its endeavor to help the most backward rural areas cast off poverty.

At the same time, we should be aware that our task of aiding poor areas still remains arduous. There are 27 million people in the country whose food and clothing needs have not been solved yet, and there are another 60 million people whose food and clothing needs have been solved, but their situation still remains unstable; put together, they number more than 80 million. Moreover, for those people whose problem of food and clothing has not yet been solved, working conditions have become

increasingly difficult, because the majority of them live in mountainous areas with poor arable land and water resources; in remote mountain areas with poor means of communication; and in desert areas. Many of these areas are minority nationality areas with poor social development. These impoverished areas present a most difficult job, because they are like tough bones. This means that our job of aiding impoverished areas has entered its most difficult phase. Furthermore, even if the food and clothing problem for the entire impoverished population is solved, it only means the solution of absolute poverty, and the solution of relative poverty remains a long-term task. Therefore, we say aiding impoverished areas is a long-term arduous task and a glorious historical mission.

II. The Principles, Policies, and Methods We Should Adhere To in Our Future Work of Aiding Impoverished Areas

In the 1990's, under the general situation in which the whole country is accelerating reform, opening wider to the outside world, and concentrating on developing the national economy, we should further improve our work of aiding impoverished areas by promoting local development. We should also strive to achieve, as soon as possible, a permanent result in solving the problem of food and clothing in these areas, and to help them to gradually cast off poverty and become well-off.

1. We should continue to adhere to the policy of aiding impoverished areas by promoting local development. This means that we should not adopt the method of providing purely material assistance to these areas. Instead, we should arouse the enthusiasm of the cadres and masses in these areas. If necessary, with the assistance of the state, they should be encouraged to engage in developmental production and construction by taking advantage of rich local natural resources, and through self-reliance and hard work. We should follow the method of casting off poverty to become well-off by relying on the masses to develop production, develop a market economy, and strengthen the capacity for self-development. Practice in the past decade and more has proved that this policy has been successful and correct, and we should continue to implement it in the days to come.

2. The state will adopt a preferential policy toward impoverished areas by offering them financial, material, and technological aid. In recent years, the central government has contributed 4.5 billion yuan each year, which includes financial appropriations, interest rate discounts, and low-interest loans, to help impoverished areas. It has provided relief in the form of grain, cotton, cloth, and low- and medium-grade industrial products to impoverished areas in exchange for work, and the aggregate amount of funds involved in this kind of relief has reached 4.3 billion yuan. The comprehensive development project for agriculture has also included some impoverished areas. State assistance has played an important role in boosting economic and social development in impoverished areas. With the development of

the economy, the state will continue to provide financial assistance to these areas within its financial capability. Recently, the State Council decided to extend providing special funds for agricultural development in the "three west" areas for another 10 years. At the same time, it has approved a new plan for aiding impoverished areas through local development and the method of providing relief in exchange for work.

In order to make good and efficient use of funds for aiding impoverished areas, we must strengthen the management aid projects. We must aid these areas by stimulating local economic development. Equal distribution of aid funds must not be permitted. Compensation should be required for the use of certain types of funds; the purpose is to generate more funds. Recovered funds must be used for the purpose of aiding other impoverished areas.

In impoverished areas which have freed themselves from poverty, a portion of the original aid funds may be diverted to areas with more difficulties to strengthen their investment capacity.

Aid funds for impoverished areas must be used to promote local development so that they may benefit from it. These funds are not to be diverted for any other purpose.

3. Impoverished areas should follow their own road of development to free themselves from poverty by making the best use of favorable conditions and avoiding the effects of unfavorable ones, taking into account the local conditions, and exploiting the advantages of local resources. As conditions in different areas differ and as there are different resources in different areas, each area should proceed from reality; decide what to tackle; and select its respective method of achieving prosperity. "If there is a waterway, take it. If there is no waterway, take the land road. If there is neither a waterway nor a land road, find another way." Each area should broaden its mind in deciding to "find another way." Sideline production, industry, transportation, commerce, the catering industry, and exporting labor services are the way.

In general, efforts should be made to improve the basic conditions of agricultural production. Experiences in many areas have proved that the problem of food and clothing can be securely solved once an individual builds half a mu or a mu of stable-yield farmland, and a household owns a few mu of trees of economic value or a few cattle and a herd of sheep.

On the basis of growing crops and breeding animals, each area should turn toward the market and embark on the processing industry. In other words, it should take the road of combining farming, animal breeding, and the processing industry. In areas where there are mineral and other resources, it is necessary to develop a diversified economy by running village and town enterprises. This will expand the avenue for freeing themselves from poverty and becoming well-off.

In developing village and town enterprises, each area should take advantage of its respective favorable conditions to develop readily marketable products. Each village should develop one type of product or a few types of products, trying to promote serial production, and upgrade their competitive edge and economic efficiency by gradually expanding production, improving quality, and extending local sales to the outside world. In running village and town enterprises, it is necessary to place emphasis on concentrating them in a planned area, and their development should be integrated with plans for the future development of small cities.

4. It is imperative to cast off poverty by relying on scientific and technological progress and try to train a large number of qualified personnel. Experiences acquired over the past years prove that the work of aiding the poor and improving economic development depends upon scientific and technological progress; that scientific and technological promotion depends upon qualified personnel; and that the training of qualified personnel depends upon education. This is the basic lesson we have learned from the work of aiding the poor in various localities.

The main work of aiding the poor and promoting economic development is to expand the production of commodities. In doing so, we should emphasize fine quality and high efficiency. To achieve this goal, we need to promote advanced technology and train a large amount of qualified personnel.

Departments in charge of agricultural science and technology as well as agricultural universities and colleges should work harder in this respect. They should give full play to their roles and try to bring the work of aiding the poor back onto the right track of enhancing peasants' ability by relying on scientific and technological progress.

Meanwhile, in order to avoid the vicious circle in which "poor families have more children and more children tend to make families poorer"—a phenomenon often seen in poverty-stricken areas—we should work hard in our family planning work and maintain strict control over the rapid growth of the population. We should resolutely carry out the policy of encouraging sound practice in bringing up children. We should spare no effort in promoting the quality of our population. We should discourage inbreeding and take proper measures to prevent retarded people from giving birth. Jinzai county in Anhui Province has gained excellent experience: "The key to prosperity for a poverty-stricken mountainous area lies in growing more trees and having less children." The natural population growth rate in this county is under 0.8 percent.

5. Continued efforts should be made to carry out cooperative programs and bring the role of the whole society into play in the work of aiding the poor. Over the past years, state organizations at all levels, mass organizations, colleges and universities, industrial and mining

enterprises, democratic parties, and PLA [People's Liberation Army] units have actively participated in the work of promoting economic development in poverty-stricken areas. They have done a great deal of work and been warmly welcomed by the great masses of cadres and people in these areas. The number of central authorities participating in the aid the poor program has reached 82.

In addition to providing financial and material support to the poverty-stricken areas, all sectors of society have concentrated on the following work: Using the advantages of each unit to provide expertise and scientific and technological know how. By providing ideas, information, and promoting cooperative programs, various units have succeeded in promoting horizontal ties, development projects, and the economic efficiency of capital funds. All these methods are helpful in aiding the poor. Over the past two years, a new method has developed, for example, Jiangsu and Shaanxi's southern areas exchange cadres, so do Shandong and Shaanxi's northern areas. This is also a good form of cooperation. The methods mentioned above are useful and we should continue to carry them out.

6. We should take a bold step in using capable people. We should make an all-out effort to develop individual household business, partnership enterprises, private-owned companies, and stock-holding companies. In addition to historical and natural reasons, an inefficient policy of using capable people and uncertainty about the ownership system are mainly responsible for the slow economic development of poverty-stricken areas.

In aiding the poor and developing the economy, we should expand the diversity of agricultural production and promote overall development of farming, forestry, sideline production, and fishery. On the other hand, great efforts should be made to expand village and town enterprises. In developing village and town enterprises in poverty-stricken areas, it is necessary for us to have a more open mind and freer approach. We should make an all-out effort to promote cooperation between eastern and western areas, and promote export-oriented enterprises, tertiary industry, private-owned businesses, and the use of capable people. Otherwise, it will be very difficult for us to take off in our endeavor. Even though we have begun, we will find it hard to continue and expand.

In terms of using capable people, we should, in addition to seeking help from state organizations, universities and colleges, concentrate on bringing the enthusiasm of local people into play. We should use experts in various fields who live in the rural areas, including intellectual youths who have returned to the motherland, demobilized soldiers, and peasants with special skills. In the final analysis, village and town enterprises are "economic entities run by capable people." Many village and town enterprise entrepreneurs emerge from people who have various kinds of shortcomings, and who have experienced assorted mistakes and setbacks. In our current efforts to expand the commodity economy, we should

throw off the shackles of "leftist" tendencies, and treat these capable people correctly. As long as their basic quality is good and they observe the laws at the present time, we should be bold in using them and encouraging them. In other words, if we throw off the erroneous idea of tapping capable people, we will find many among us.

In terms of the interests of the country as a whole, we should carry out the policy of promoting the development of various economic elements, with public ownership as the main form. In promoting economic development in poverty-stricken areas, it is necessary to let "assorted wheels," such as individual enterprises, privately-owned companies, and companies with the stock-holding system, operate at the same time. Let all the wheels run at their own speed. There is no sense worrying about which wheel runs faster, which slower, and so on. Any "wheel" that gears up the level of local productive forces will certainly run faster. It should be given more support, instead of restrictions. Especially in places where the collective economy is poor and short of proper conditions to expand village and town enterprises, we should make an all-out effort to promote individual, partnership, and privately-owned enterprises. Given the party's leadership, the people's political power, and the power of the public ownership economy, individual and privately-owned enterprises will only be a beneficial supplement to the drive to develop a socialist economy. Individual and privately-owned enterprises will not lead to capitalism. In terms of developing individual and privately-owned enterprises, what plagues us most is that we do not have enough of them under the current circumstances. When individual and privately-owned enterprises develop to a certain stage, we will gradually guide them to become companies with a stock-holding system—in accordance with concrete needs and on a voluntary basis—to realize the goal of socializing capital. This is one of the ways in which people who become prosperous first can help those who are lagging behind. In this way, we will be able to walk step by step toward the goal of common prosperity. Obviously, village and town enterprises should let capable people take the lead in seeking shareholders to run cooperative enterprises with a stock-holding system.

7. The most important thing for us to do is to strengthen leadership. In the final analysis, the reason why we have achieved tremendous results over the past 10 years in the work of aiding the poor is that party and government organizations at all levels have improved their leadership. The fundamental experience we have gained is this: Leaders should pay attention to the work of aiding the poor. The work should be properly supported by departments concerned and run by designated people.

The work of aiding the poor is a long-term and arduous task with historical significance. Party and government organizations at all levels should, as always, put it high on their agenda and adhere to it unwaveringly. We should not busy ourselves with reform and opening up to the neglect of aid the poor work. Despite the fact that we have basically solved the problem of providing enough

food and clothing for the people and are now on the way to reaching a goal of enabling the people to achieve a relatively comfortable standard of living, we should never ease our efforts in aiding the poor. While peasants living in coastal areas and other relatively advanced places become prosperous, we should never forget our aid the poor work. If we have not yet solved the problem of providing enough food and clothing for thousands upon thousands of people by the year 2000, that means our party members have failed to fulfill their responsibilities and we should feel ashamed to see the people in our home towns.

It is my hope that all departments concerned and all sectors of society will continue to render great support to aid the poor work.

Efforts should be made to stabilize and strengthen the contingent of cadres who work to help the poor. It is imperative to encourage and support them to do a better job and achieve greater success.

Li Ruihuan's Opinions on Next Generation Conveyed

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[By reporters Xu Feng (6079 3536) and Liu Siyang 0491 1835 2254]

[Text] Guangzhou, 12 Dec (XINHUA)—The national forum on showing concern for the growth of the next generation, which ended today, stated that the more we deepen reform and open wider to the outside world, the more we should show concern for the healthy growth of the next generation and intensify ideological education among young people, because this concerns the success or failure of the socialist cause and the long-term stability of the nation.

The five-day forum was held in Maoming, Guangdong. In conjunction with the reality in various areas, the participants exchanged experiences in the work of nurturing the next generation and discussed ways to increase the efficiency of this work while attending to the central task of economic development.

Li Ruihuan, member of the Standing Committee of the Political Bureau of the CPC Central Committee, shows great concern for veteran comrades' work of nurturing the next generation. At the forum, Wang Zhaohua, permanent vice chairman of the China Committee for Showing Concern for the Growth of the Next Generation, conveyed Comrade Li Ruihuan's important opinion which calls for making the forum a success. Li Ruihuan said that showing concern for the next generation is a long-term job. In the past few years since the committee was formed, it has done a great deal of work, made marked achievements, and accumulated experiences. He expressed the hope that party committees and

governments at all levels would show concern for and support this job so that it will be carried out in a better way.

It has been learned that more than 1.7 million veteran comrades are now engaged in the work of nurturing the next generation. With selfless spirit and vigor, these comrades have been working hard to ensure the healthy growth of the next generation, thus winning the attention and admiration of all sectors of society.

At the forum, Kang Shien, chairman of the committee, said: We should conscientiously study the guidelines of the 14th CPC National Congress, make these guidelines the fundamental guiding thought for the work of nurturing the next generation, and continue to make ideological and moral education among young people the major task for the nurturing of the next generation. We should give full play to the talent and ability of veteran comrades to expand the work of nurturing the next generation. We should improve leadership in order to further improve this work.

The forum was attended by responsible persons of show-concern-for-the-next-generation organizations of provinces, autonomous regions, municipalities under the central government, government organs, and departments under the party Central Committee.

Nation Strives To Reform Welfare System

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[Text] Chengdu, December 17 (XINHUA)—With the ceiling price of grain lifted in some 20 percent of the counties and cities in China this year, more than 200 million Chinese people have now said goodbye to their last coupon.

An expert said that it shows that the planned economy's influence on Chinese consumers is fading, and China is now making efforts to reform the welfare system employed in the past four decades at high costs.

So far the purchasing and sale prices of grain have stabilized in the country. What is more, over 400 counties and cities have lifted the ceiling price for the sale of grain, which has led to the decrease of financial subsidies on grain from the government. The financial subsidies on grain in the first 10 months this year dropped by 13.84 billion yuan compared to the same period last year.

After several years' exploration, the reform of the housing system in urban areas has also started in an all-round way this year. Under the new housing system, the state, collectives and individuals will share the housing costs. In past days, the houses were rented to individuals at a very low price while the government paid high subsidies.

According to an official from the related departments, China sank a huge investment of more than 31 million

yuan into housing in urban areas during 1979-1991. However, the supply of houses still falls far behind demand in large and middle cities.

Statistics show that so far 8 million urban families have no housing or inadequate housing to live in; some 700-million-square meters of housing space are in need of emergency maintenance; some 2 million new couples are badly in need of houses each year.

Now state finances can not alone bear the huge burden of building and maintenance of houses.

The current free medical service will also be replaced by sharing of medical expenses by the state and individuals. Now some 80 percent of enterprises and most organizations and institutes have established contracts for medical expenses with individuals.

It means that employees in China should pay part of the expense to treat sickness while in the past the medical expenses of employees were all borne by the state. The state expenditure for free medical service in China was 2.7 billion yuan in 1980 while now the expenditure has reached 30 billion yuan each year.

Statistics show that the growth rate of expenditure far surpassed the growth rate of state financial income in the same period.

China's decades-old pension system for its government employees has undergone a major overhaul. The move, which aimed at ensuring the security of retirees and easing the burden on state coffers, is part of the nation's personnel and wage reform.

Under the current pension system for government employees, the government is fully responsible for supporting all its retired employees.

Now the total expenditure on pensions for nearly four million retired government employees in the country stands at about 7.2 billion yuan each year.

According to statistics, those above 60 years old is approaching 100 million so far in China and it is estimated that the population above 60 will come to 130 million by the end of this century. Expenditures on pensions now consume one-seventh of annual state financial income.

The new pension program, according to a government official, requires all government employees to pay a certain amount—not yet clear how much—of their salary into a pension fund which will be used to pay benefits to them after retirement.

A government official said that the series of reforms means that the government burden under the old planned economy will be shared by all the people under the market economy in the days to come.

The official said that at present China needs to invest a large amount of money in construction. Each Chinese citizen will pay a price while he enjoys the fruits brought by reform.

He Sheng Stresses Importance of Social Sciences
HK1212050492 *Beijing RENMIN RIBAO* in Chinese
30 Nov 92 p 5

[Unattributed report: "Hu Sheng Discusses Important Role of Social Sciences at Meeting of Chinese Academy of Social Sciences to Award Young Scientists"]

[Text] Are social sciences also productive forces? There are different views on this subject among persons in social sciences circles. Comrade Hu Sheng, president of the Chinese Academy of Social Sciences, expressed his views at the academy's first award ceremony for the outstanding achievements of young scientists a short time ago.

He said: Regarding social sciences, perhaps people will ask questions about what role and how great a role they can exercise. In order to stress the importance of social sciences, some people said that social sciences are also productive forces. I feel some doubt about this view.

Social sciences involve very extensive domains. Some of them are directly connected with science and technology but, generally speaking, social sciences do not fall into the category of productive forces. Social sciences are really very important, but their importance cannot be explained by the principle of science and technology being primary productive forces. In my opinion, the importance of social sciences should be approached from the relationships between theory and practice, and from the action of superstructure on the economic base. The experience of human social practice should be repeatedly summed up, and the theory derived from the summation of experience will in turn provide guidance to practice. This is the role played by social sciences. Rich and highly effective experiences have been gained in the development of Chinese socialism, which is universally acknowledged. In the study of social sciences, we should go deep into the realities of our reform and opening up today, and repeatedly summarize the experience of China's socialist practice, integrated with history and with the development experiences of various countries in the world. This can provide plenty of scope for our talents, and is of momentous significance at that.

New Social Science Research Programs Established

OW1512120292 *Beijing XINHUA* in English 1125
GMT 15 Dec 92

[Text] Beijing, December 15 (XINHUA)—China has decided to add 10 [as received] items to its social sciences research package in the Eighth Five-Year Plan period (1991-1995), it was announced here today.

The research items, which are national key programs, all concern the theory of "constructing socialism with Chinese characteristics".

The China Planning Office for Philosophy and the Social Sciences has listed them as follows:

- The philosophy behind the theory of constructing socialism with Chinese characteristics;
- The carrying out and development of scientific socialism and Mao Zedong Thought under the theory of constructing socialism with Chinese characteristics;
- The relationship between the historical experience of socialist construction and the theory of constructing socialism with Chinese characteristics;
- The substance of socialism and its reflection in the primary stage of socialism;
- Basic aspects of socialism with Chinese characteristics, such as regional models, cultural development, and the building of democracy and the legal system, social transformation and coordination;
- Reforms in ethnic minority regions and the perfection of regional autonomy system;
- The international environment and socialism with Chinese characteristics;
- National defense and army construction under socialism with Chinese characteristics; and
- The construction of the Communist Party under socialism with Chinese characteristics.

Most of the research will be done by the Chinese Academy of Social Sciences.

Students Lobby For End to Army Training

HK1512023392 *Hong Kong SOUTH CHINA MORNING POST* in English 15 Dec 92 p 11

[Article by Willy Wo-lap Lam]

[Text] Students at Beijing University are lobbying for an end to the year of compulsory military training for first-year students.

Scholars at the prestigious institute, known to mainlanders as Beida, have also appealed to the top leadership to get rid of hardline teachers and administrators.

Sources at the university said activists who earlier this year had championed such causes as Japanese compensation for World War II atrocities, had concentrated on improving "democracy within the campus".

"Student organisations are conducting polls and seminars to gauge the views of fellow classmates on military training and other campus issues", a source said. "They are also interviewing lecturers and other staff."

The activists argue that the paramilitary drills, which were imposed after the June 4 crackdown, are incompatible with the nation's transition to a market economy.

The source said university authorities were aware of such activities, but they could not stop students from expressing their views on the university.

The surveys on military training and other aspects of the "Beida crisis" are expected to be released in the run-up to celebrations of the May 4 festival.

Known as China's Enlightenment, the May 4 Movement, which started at Beida in 1919, spearheaded the nation's demand for democracy and science.

Festivities marking the event have often become a catalyst for larger democracy movements.

In a recent poll undertaken by two student research units, 46.1 percent of Beida students considered military training as the main cause of poor morale and low standards among students.

Other students blamed hardline teachers and administrators, and the tight control on education imposed by the party's leftists.

Chinese sources said students and liberal teachers at Beijing's universities were disappointed that the anti-leftist purge promised by patriarch Mr Deng Xiaoping was stillborn.

Only one leftist in the education sector, vice-minister of education Mr He Dongchang, has been dumped.

While Mr Deng had personally ordered the retirement of Beijing party secretary Mr Li Ximing—a patron of leftist educationists—the top Maoist has continued to appear in official meetings, most recently on Sunday.

In spite of his lack of an official position, Mr He, who has the support of Prime Minister Mr Li Peng and party General Secretary Mr Jiang Zemin, has continued to attend ideological and educational functions in a "private capacity".

The conservative party secretary of Beida, Ms Wang Jiali, was promoted to the Central Committee at the 14th congress.

Campus sources said student leaders at Beida had stayed away from sensitive issues like political reform for fear such activism might provide an excuse for the leftists to launch another campaign against bourgeois values.

But the protest against military training is a subtle way of exposing the extent to which leftists have lost touch with reality.

University Students View International Issues

OW1212143692 Beijing XINHUA in English 1423
GMT 12 Dec 92

[Text] Beijing, December 12 (XINHUA)—Students from Beijing's six prestigious universities and colleges attended a seminar on international issues at the Foreign Affairs College today.

It was the first seminar of this kind in recent years and most of the participants are studying for their masters or doctorates. Some experts on international issues also attended the seminar.

They exchanged views on a wide range of topics such as new world order, relations between China and the United States, human rights, communications and international relations, and Chinese foreign policy.

Among the experts on international issues at the meeting were Professor Lu Yi, president of China Association of International Relations History, Professor Hu Daicong, vice president of the Foreign Affairs College and Professor Li Shisheng from Beijing University.

The seminar was jointly sponsored by the Post Graduate Students' Associations of Beijing University and the Foreign Affairs College.

Those attending were from Beijing University, the Chinese People's University, the graduate school affiliated to the China Academy of Social Sciences, the Central Communist Party School, the Institute of International Relations and the Foreign Affairs College.

State Circular on Safe Holiday Transport

OW1612002292 Beijing XINHUA Domestic Service in Chinese 0705 GMT 12 Dec 92

[Text] Beijing, 12 Dec (XINHUA)—The State Council Economic and Trade Office recently issued a circular calling for seriously doing good transport work during the 1993 Spring Festival. The circular urges all localities and departments to adopt effective measures to ensure safe and uninterrupted passenger transport during the Spring Festival.

The circular says: The Spring Festival transport period for railways, highways, water transport, civil aviation, and urban transport across the country is uniformly set for 40 days, from 8 January to 16 February 1993. The passenger transport volume during the period is expected to be 910 million people, up 2.7 percent from the corresponding period from 1992. The breakdown will be 118 million railroad passengers, 760 million highway passengers, 30.34 million water transport passengers, and 2.14 million airway passengers, showing 3 percent, 2.7 percent, 1.1 percent, and 9.7 percent increases, respectively, over the previous year. All localities and departments should consider transport characteristics during the period—large volumes and large concentrations of passengers hurrying on with their

travel—and adopt effective measures as soon as possible to arrange proper transport and routing for the passengers to avoid difficulties because of a lack of preparedness. Attention should be paid particularly to the peak passenger volume before and after the festival and to formulating a well-conceived transport plan for handling a large number of passengers.

The circular says: All transport departments should handle well both passenger transport and cargo transport during the period, with more emphasis on the former; tap transport potential; arrange sufficient transport personnel and conveyances; and, at the same time, reserve some transport capacity to avoid difficulties. Neighboring provinces should be permitted to readjust and increase trans-provincial highway and water transport to meet the needs of the increasing passenger volume, and procedures for readjustments and increases should be simplified. All localities and departments should make all necessary preparations and meticulous arrangements to ensure fast, safe, and satisfactory passenger transport during the Spring Festival. Visiting Hong Kong, Macao, and Taiwan compatriots and Overseas Chinese, personnel working abroad who return to visit relatives, and foreign tourists should be well-received and given travel conveniences.

The circular points out: During the Spring Festival, all localities and departments should strictly control the number of large meetings. The transport department may refuse to process the sale of group tickets for any meetings that are not approved by the State Council. The times and dates of group tickets for college students on winter vacation and for personnel of industrial and mining enterprises and institutions should be properly staggered according to actual situations.

The circular says: Safety is the key to transport during the Spring Festival. All localities and departments should seriously carry out the "decision of the State Council on ensuring transport safety," strictly abide by safety regulations, and implement safety precautions. The transport department should conduct an all-around safety inspection on conveyances and facilities for Spring Festival transport so as to eliminate hidden dangers. The public security department should pay attention to traffic direction and control to ensure safe and uninterrupted transport. The departments concerned should work together to enforce safety requirements for rural ferry boats, private bus and tax services, ferry landings, and railroad crossings; and pay attention to inspections of major waterways, road sections, bridges, and tunnels. All conveyances and supportive facilities, including cars, ships, and aircraft, for Spring Festival transport must be in good operating condition. Unsafe conveyances must be resolutely stopped from operating. It is necessary to adopt fire-prevention and explosion-prevention measures and keep all fire-fighting equipment in good condition. We should continue to prohibit passengers from carrying combustible or explosive articles or other hazardous articles (hereafter referred to as "three articles") on board vehicles, ships,

and aircraft, do a good job in publicizing the prohibition and in checking violations, and resolutely keep the "three articles" outside railroad and bus stations, wharves, and airports. The departments of public security, industry and commerce administration, agriculture, and commerce should improve the management of the production and sale of fireworks and firecrackers. Unauthorized production and sale of hazardous materials, such as firecrackers that can be set off by pulling, striking, or throwing, and caps for starting guns, by any organization or individual are strictly prohibited. Illegal production and sale of the "three articles" must be banned to prevent hazards from occurring.

The circular points out: The transport department should launch a widespread good service campaign of various forms. While ensuring safety, efforts should also be made to keep flights, voyages, and trains and buses on schedule with respect to both departures and arrivals. It is necessary to increase the number of ticket booths and extend their business hours according to needs to facilitate ticket booking. Transport service personnel should be dedicated to their duties and polite to passengers, offer good service, protect the legitimate rights of passengers, and promote the building of socialist spiritual civilization with their deeds. It is necessary to keep cars, cabins, and stations in good appearance and overcome filthiness, disorder, and inferiority to provide a good travel environment for passengers. Local public security departments, People's Liberation Army units, and local people should work under the unified leadership of local government to help maintain law and order along transport routes, and at railroad and bus stations, docks, and airports. It is necessary to concentrate energies and time on improving troubling and disorderly harbors, stations, trains, long-distance bus service, taxi service, ships, and ferries. It is necessary to investigate and handle in a timely manner the cases involving disruptions to transport order; to severely punish criminals who sabotage transport facilities, steal transported materials, and blackmail passengers; and to deal sternly with ticket scalping. Transport service personnel who collude with outsiders in committing crimes, as well as law-enforcement personnel who commit crimes, should be given even harsher punishment according to the law.

Song Ping at Award Ceremony for Geological Team

OW1612141892 Beijing XINHUA Domestic Service in Chinese 1117 GMT 10 Dec 92

[By reporter Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 10 Dec (XINHUA)—A meeting was held in Beijing today, at which the State Council conferred the title of heroic geological team on Shandong's sixth geological team. Luo Gan, secretary general of the State Council, read the State Council's decision to commend the sixth geological team of the Shandong Geological Bureau. This heroic team, which has made important

contributions to gold prospecting in China, has set a brilliant example for all fronts and trades in the country to learn from.

The team is a comprehensive geological team. Its main task is to prospect for gold. In the past 34 years since its establishment, it has traversed 17 counties and cities in the Jiaodong peninsula. As of 1991, it had completed more than 730,000 meters of drilling work, equivalent to drilling through over 80 Qomolangma Fengs [Mount Everest]; submitted 208 geological reports to the state; and discovered five huge gold mines and 28 small and medium-sized ones, the reserves of which account for one-third of the country's verified gold deposits. It has discovered deposits of silver, lead, zinc, molybdenum, rare earth, jade, phosphorus, and coal whose reserves are worth 40 billion yuan. Members of the team, from generation to generation, have shed blood and sweat, scaled mountains and forded streams, and ate and slept in the open. With this they have written a brilliant new page in the Republic's annals of gold prospecting. Many of them had quietly sacrificed their valuable lives at their work posts. The Jiaodong peninsula is now the biggest gold-producing area in the country. The gold mines on the peninsula are proof of their hard work.

After accepting flowers from children amid the strains of a Young Pioneers band, representatives of the geological team were so moved that they wept. As they have spent most of their time working in the field, members of the team have suffered unimaginable hardships. As fathers and mothers, they have felt shame and regret for having been unable to fulfill their obligations and responsibilities to their children, but they are models to be emulated because they have given their unselfish and sincere hearts to tens of millions of children of the motherland.

Song Ping and Yan Jici attended the meeting and presented the sixth geological team with a flag. Shandong Governor Zhao Zhihao said that the State Council's solemn commendation of Shandong's sixth geological team is an honor for the departments of geology and mineral resources, and is also an honor for Shandong. The cadres, workers, and technicians of the sixth geological team have scored outstanding achievements with their wisdom and sweat, making important contributions to the economic construction of the state and Shandong. The people of Shandong will not forget you; they are grateful to you. The Shandong provincial government has decided to give the sixth geological team a research laboratory as a reward. It has also called on party committees, governments, and departments concerned to continue to give support to geological and mineral prospecting workers by creating favorable external conditions for their production and lives.

The Ministry of Geology and Mineral Resources and the Shandong provincial government have also decided to launch a campaign to learn from the sixth geological team. They urged the cadres and workers of various units to conscientiously learn from the team's patriotism, love of socialism, and noble spirit of serving the people

wholeheartedly while keeping in mind the objectives for the 1990's set by the 14th CPC National Congress; to boldly emancipate their minds; to enthusiastically participate in reform; to rely on science and technology; to dare to make explorations; to work tenaciously; and to make new contributions in the cause of building socialism with Chinese characteristics.

Li Tieying Congratulates Meeting on Language Work

OW1712055792 Beijing XINHUA Domestic Service in Chinese 1428 GMT 16 Dec 92

[Excerpt] Beijing, 16 Dec (XINHUA)—A national commendation meeting for advanced units and individuals involving in language work opened in the Great Hall of the People today.

During the opening session, Liu Bin, chairman of the State Language Work Committee, relayed CPC Central Committee General Secretary Jiang Zemin's recent opinion on language work. He also conveyed the congratulatory message of State Councillor Li Tieying, member of the CPC Central Committee's Political Bureau. [passage omitted]

Science & Technology

Preferential Taxes for Technology Import Adopted

HK1712101192 Hong Kong CHING CHI TAO PAO in Chinese No 48, 7 Dec 92 p 24

[From "China Economic News" column: "Preferential Tax Policies for Importation of Technology"]

[Text] In a bid to promote importation of technology, the Finance Ministry, the State Administration of Taxation, and the General Administration of Customs have decided to carry out the following preferential policies for already approved contracts of technological licensing, consultancy, and technical services:

- The import of software is exempt from import duty and import value-added tax;
- When the import value of hardware makes up less than 33 percent of the total import value of both software and hardware, the import of hardware is exempt from import duty and import value-added tax;
- When the import value of hardware makes up over 33 percent and less than 50 percent of the total import value of both software and hardware, one-third of the import duty and import value-added tax on the import of hardware will be collected on the basis of statutory tariffs;
- Certain tax preferences will be extended to the importation of new products which are manufactured with the new technologies encouraged to develop by the state; the importation of technological software concerning product development, design, manufacturing,

technological requirements, and production and management with the aim of improving existing products; and the importation of supplementary machines, instruments, and equipment.

Satellite Communications Network Planned

HK1612143592 Beijing ZHONGGUO XINWEN SHE
in English 1340 GMT 16 Dec 92

[Text] Beijing, December 16 (CNS)—The Chinese Ministry of Foreign Economic Relations and Trade (MOFERT) has decided to establish a satellite communications network with the aim of carrying out the administration of economic and trade affairs in a more modern and scientific way.

The VSAT [very small aperture terminal] satellite communications network programme will comprise 300 ground stations divided into domestic and international parts. The international part of the network will cover North America, Japan, Oceania, Europe and Africa.

The creation of the VSAT communications network is an important issue for work on computer application involved in economic and trade activities. The information collected and transmitted by the network will provide macro guidance as well as regulation and control over economic affairs and trade under the market economy with a scientific basis and backing for decision-making.

Powerful Industrial Laser Passes State Appraisal

OW1512143192 Beijing XINHUA in English
1408 GMT 15 Dec 92

[Text] Nanjing, December 15 (XINHUA)—A powerful new industrial laser passed state appraisal in Nanjing, the capital of east China's Jiangsu Province.

The new 1,500-w [watt] laser can be widely used in the cutting of metal, compound materials and wood, as well as metal welding and surface treatments.

Before the development of this laser, parts for lasers of over 700-w needed on China's cutting production lines had to be imported.

After more than three years of effort, technicians and workers in the city tackled seven problems concerning different specializations and succeeded in the development of this laser with all localized parts.

According to experiments, many indices of the laser, such as photoelectricity parameter, equal those of similar products abroad, while the cost of the laser is two-thirds less.

Song Jian Letter Greets High-Tech Entrepreneurs

OW1512143092 Beijing XINHUA Domestic Service in Chinese 1603 GMT 11 Dec 92

[Excerpts] Beijing, 11 Dec (XINHUA)—The results of the Third National Awards for Pioneering Scientific and

Technological Entrepreneurs were published today. There were 10 gold award winners and 30 silver award winners. [passage omitted]

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, wrote a congratulatory letter in which he wholeheartedly wished Chinese scientists and technicians new success in running scientific and technological enterprises. He said in the letter: The excellent situation in reform and opening up has created a new environment and new conditions for China's scientists and technicians to display their wisdom and ability. A large number of scientific and technological entrepreneurs have shown their talents. They are outstanding scientific and technological workers, as well as distinguished scientific and technological entrepreneurs who have yielded huge social benefits. Their achievements show one truth: Chinese scientists and technicians can make international-level scientific and technological achievements and run high-tech enterprises. Song Jian expressed his hope in the letter that this contingent will grow in strength and become a vital new force for high-tech development. [passage omitted]

Military

Hong Kong Journal on PRC Military Reshuffle

HK1712032092 Hong Kong CHING PAO in Chinese
No 185, 5 Dec 92, pp 34-37

[Article by Lu Jen (7627 0086): "Jiang Zemin Presides Over Military Hierarchy Reshuffle"]

[Text] The 14th CPC National Congress has brought about a major military hierarchy reshuffle. As a result, a top-to-bottom military personnel reshuffle is well under way. The on-going military personnel reshuffle is mainly aimed at guaranteeing the party's absolute leadership over the military once the old generation of leaders, with Deng Xiaoping as their representative, have to hand over power to a younger generation of leaders. The overall personnel reshuffle is presided over in person by Jiang Zemin, chairman of the CPC Central Military Commission, with the full support of Deng Xiaoping. Therefore, Jiang Zemin is expected to enhance his own position as Deng's successor as a result of the reshuffle.

The Two Previous Reshuffles With Their Respective Characteristics

The Chinese Army has already undergone two major personnel reshuffles in the last few years. The first major reshuffle was completed in a phased way, resulting in a reduction of China's Armed Forces by 1 million. In June 1985, the CPC published a decision to cut its Armed Forces by 1 million. In July of the same year, the military establishment reduced the number of military regions from 11 to seven. Moreover, the leadership of every military region underwent a personnel reshuffle. By the end of October 1987, when the 13th CPC National Congress was convened, some 1 million officers and men

had already been relieved from active service. The leadership of all three People's Liberation Army [PLA] general departments had also undergone a personnel reshuffle. Yang Dezh, chief of the PLA General Staff; Yu Qiuli, chief of the PLA General Political Department; and Hong Xuezhi, chief of the PLA General Logistics Department, had been replaced by Chi Haotian, Yang Baibing, and Zhao Nanqi respectively. **This first reshuffle was personally presided over by Deng Xiaoping and conducted in accordance with a requirement to "promote cadres that are revolutionary, younger in average age, educated, and professionally competent."** The first personnel reshuffle started from the bottom and proceeded to the top, and from the units to the headquarters.

The second major personnel reshuffle began in 1989, in the wake of the 4 June incident. Starting in February 1990, the commanders, deputy commanders, political commissars, and deputy political commissars at the Armed Police Forces Headquarters were replaced one after another. That personnel reshuffle was soon followed by a series of transfers of commanding officers among the seven military regions. The results were: The commander and political commissar of the Shenyang Military Region remained unchanged; the commanders and political commissars of both the Beijing and Nanjing Military Regions were replaced; and the commanders and political commissars of the Guangzhou, Jinan, Chengdu, and Lanzhou Military Regions were transferred among themselves. For instance, Zhang Wannian, commander of the Guangzhou Military Region, was transferred to the Jinan Military Region; Fu Quanyou, commander of the Chengdu Military Region, was transferred to the Lanzhou Military Region; and Li Jiulong, commander of the Jinan Military Region, was transferred to the Chengdu Military Region. **This second personnel reshuffle was personally presided over by Yang Shangkun with the support of Yang Baibing.**

Of the aforementioned two personnel reshuffles, the first one was conducted with a view to streamlining and reorganizing the military establishment and making the military leadership younger in average age, and was thereby completely free from any political or personal considerations. But the second was conducted in the wake of the 4 June incident and the downfall of Zhao Ziyang; therefore, it inevitably displayed a strong political color, reflecting to a certain extent the degree of trust the general headquarters placed in those commanding officers.

The On-Going Reshuffle Is an Important Step Taken by Deng, Who Plans To Hand Over His Remaining Power

The on-going military hierarchy personnel reshuffle is an important step taken by Deng Xiaoping, who plans to hand over his remaining power. In September 1989, recommended by Deng Xiaoping and approved by the Fifth Plenary Session of the 13th CPC Central Committee, Jiang Zemin was elected chairman of the Central Military Commission in his capacity as general secretary

of the CPC Central Committee. At a NPC session held in April 1990, Jiang Zemin was elected chairman of the State Military Commission. After resigning as chairman of the Central Advisory Commission, Deng Xiaoping still retained his post as chairman of the Central Military Commission for over four years. However, in a short space of a few months after Jiang Zemin was elected general secretary of the CPC Central Committee, Deng Xiaoping handed over both his Central Military Commission chairmanship and his State Military Commission chairmanship to Jiang. This showed that Deng Xiaoping was determined to appoint Jiang Zemin his successor with full confidence. Unless something serious happens, Deng is unlikely to change his mind. After observing Jiang Zemin for two years, Deng Xiaoping concluded that he has chosen the right person, and the next thing he should do is to fully use his own authority to assist Jiang Zemin in consolidating his new position. At the moment, Deng's major concern is to ensure that Jiang Zemin will be able to exercise his power of leading and commanding the Armed Forces. It was because of this that **when discussing the namelists of the 14th CPC Central Committee and its political bureau, Deng Xiaoping paid particular attention to those from the Army and listened to Jiang Zemin's views on them.** The strategy employed by Deng Xiaoping was to start a personnel reshuffle among the party cadres first, and gradually expand the personnel reshuffle to the military establishment in hopes of warding off certain interference and laying a solid foundation for future personnel reshuffles.

Military Regions and Group Armies Will Undergo Personnel Reshuffles

The on-going military personnel reshuffle will "proceed from the top to the bottom," starting from the Central Military Commission to the three PLA general departments, the armed services, the arms of the services, the military academies and schools directly under the Central Military Commission, and the military regions. The 14th CPC National Congress elected both vice chairmen and members of the new Central Military Commission. No sooner had the 14th CPC National Congress wound up, than the Central Military Commission appointed new directors of the three PLA general departments and reshuffled the leadership of both the National Defense University and the PLA Air Force. It is believed that the military regions and key group armies will soon follow suit. These latest personnel arrangements announced by the authorities show that the military hierarchy has now been placed under the full control of the 14th CPC Central Committee members, most of whom are new faces, such as Liu Huqing and Zhang Zheng, vice chairmen of the Central Military Commission; Zhang Wannian, chief of the General Staff; Li Jing, deputy chief of the General Staff; Chao Shuangming, Air Force commander; Li Wenqing, political commissar of the National Defense University; and others. The military cadres who failed to be elected members of the 14th CPC Central Committee will soon be replaced by some new faces on the central committee. The predictable replacements are: Qin Jiwei will be replaced by Chi Haotian as

defense minister; Li Xuge will be replaced by Yang Guoliang as commander of the Second Artillery Corps; Zhu Guang will be replaced by Ding Wenchang as political commissar of the PLA Air Force; Zhang Zhongxian will be replaced by Gao Tianzheng as political commissar of the Guangzhou Military Region; Fu Quanyou will be replaced by Wang Ke as commander of the Lanzhou Military Region; and so on.

Jiang Zemin Is Making Use of Favorable Conditions To Control the Military

If we choose to ignore political line as a factor, we can see that Jiang Zemin has proven himself a person who has set his mind on consolidating his own power. Jiang Zemin has done much more than his predecessor Zhao Ziyang in controlling the Army. During his tenure of office Zhao Ziyang, former general secretary of the CPC Central Committee, was also first vice chairman of the Central and the State Military Commissions. Moreover, Zhao had more influence within the military compared with Jiang Zemin. However, it seems that Zhao made no attempt to control the military. As a result, Zhao was first vice chairman of the two military commissions in name only. Zhao Ziyang was easily defeated in the inner-party struggle, simply because he failed to secure his own power of leading and commanding the Armed Forces. No doubt, Jiang Zemin has learned a grave lesson from Zhao's downfall.

Over the past three years after taking office as chairman of the Central and State Military Commissions in the capacity of general secretary of the CPC Central Committee, Jiang Zemin has inspected 12 provinces, municipalities, and autonomous regions. Wherever he went, he would visit and extend regards to the troops stationed there in his capacity as chairman of the Central and State Military Commissions. Moreover, he also met and held separate talks with every senior leader of the three PLA general departments and various military regions whenever they accompanied him during his inspection tours. As a result, he has successfully expanded his influence within the military and strengthened his relations with the military leaders. It goes without saying that by carrying out these activities, Jiang Zemin had chances to observe, test, and judge the military cadres so as to make preparations for the future military reshuffles. When the Fifth Plenary Session of the 13th CPC Central Committee elected him chairman of the Central Military Commission, Jiang Zemin said: "Since the party has entrusted me with such an important task, I will do my best to learn about military affairs, get to know the situation among the troops as soon as possible, and conscientiously and actively fulfill my duties." Given his extensive contacts with the troops since taking office as chairman of the Central Military Commission, it can be said that Jiang Zemin has done exactly as what he promised.

The On-Going Military Reshuffle Emphasizes "Obedience"

It was learned that the on-going military hierarchy personnel reshuffle, which began immediately after the 14th CPC National Congress, is presided over in person by Jiang Zemin with Deng Xiaoping's full support. JIEFANGJUN BAO, a mouthpiece of the CPC Central Military Commission, published a commentator's article on 6 November entitled: "The Army Must Obey the Party." The article reiterated: "Our principle is: The party controls the gun. We must never allow the gun to control the party." The commentator's article also stressed in no uncertain terms: The Army "must unswervingly obey the orders of the CPC Central Committee and the Central Military Commission, with Comrade Jiang Zemin as the core. This is not only a basic requirement for each and every party member and cadre, but also the loftiest code of conduct of everyone." The article disclosed that the on-going military reshuffle emphasizes "obedience toward the party" as well as on "competence" rather than on "younger age." The appointment of old-aged Liu Huqing and Zhang Zhen as members of the CPC Central Committee and vice chairmen of the Central Military Commission, has exactly embodied this principle. Jiang Zemin will certainly have his own position within the CPC further consolidated when the on-going reshuffle is over. It is generally believed that China's political situation will remain stable even if Deng Xiaoping passes away.

Why the Slogan of "Escorting Reform and Opening Up" Is No Longer Used

After the 14th CPC National Congress, apart from the aforementioned military hierarchy personnel reshuffle, another notable change is: The slogan of "escorting reform and opening up" is no longer used. The slogan of "escorting reform and opening up" has not been used in all sorts of military news published by the authorities during and after the 14th CPC National Congress, not even in the speech delivered by Yang Baibing at a panel discussion during the 14th CPC National Congress.

The slogan that the Army must "escort" reform and opening up was originally advanced by Yang Shangkun. After Deng Xiaoping concluded his south China tour in last spring, Yang Shangkun inspected Dalian 30 April to 5 May. While inspecting the Lushun Naval Base, Yang Shangkun wrote an inscription, which reads: "Step Up Navy Building, Escort Reform and Opening Up." The inscription was aimed at calling on, in the vivid language used by the Naval officers and sailors, the whole Armed Forces to implement the spirit of a series of important speeches made by Deng Xiaoping during his South China tour, and to support reform and opening up. There was nothing wrong with the inscription. Later on, advocated by Yang Baibing, the phrase "escorting reform and opening up" became a slogan for the whole Army. On 29 July this year, Yang Baibing published a long article in RENMIN RIBAO entitled, "Undertake the Lofty Mission of Escorting the Country's Reform

and Construction." In the article, he pointed out: "Escorting the country's reform and construction is certainly not a short-term slogan. Rather, it is at once a heavy task facing the People's Army for one hundred years to come, and an important embodiment of the basic functions of our Army in a relatively peaceful period." As a result, the article further expanded both connotation and extension of "escorting reform and opening up."

The slogan of "escorting reform and opening up" has not been used since the end of the 14th CPC National Congress. This change is the result of a dispute over how the section on Army building work in the 14th CPC National Congress Report should be drafted. Most of the veteran generals held that the basic functions of the Army are to oppose foreign aggression and domestic subversion, and act as both the pillar and the great wall of steel of the proletarian dictatorship; therefore, the Army should continue to attach strategic importance to education and training, and judge all types of work with the combat effectiveness criterion. **This view was accepted by Deng Xiaoping.** As a result, when speaking of the Army, the 14th CPC National Congress Report attached top priority to the work of stepping up Army building and strengthening national defense, and stressed: "From now on, the Army must work hard to meet the requirements of modern warfare, pay attention to quality, and enhance its overall combat effectiveness. Thus it will be ready to perform even better the sacred mission of defending China's sovereignty over its territory, air space, territorial waters, and its maritime rights, and of safeguarding both the unity and security of the motherland." "The Army must strengthen and reform itself, giving education and training strategic importance, and improving overall combat effectiveness. All Army units must be qualified politically, and competent militarily. They must have a fine style of work, maintain strict discipline, and be assured of adequate logistical support." However, the 14th CPC National Congress Report did not deny the need for the Army to "guarantee smooth progress of reform, opening up, and economic construction" and to "provide powerful protection for reform, opening up, and economic construction." The reason the 14th CPC National Congress Report did not mention the slogan of "escorting reform and opening up" was not because there was anything wrong with the slogan itself, but because as a slogan for the whole Army, it failed to comprehensively summarize all the requirements on the Army building work. Moreover, should the extension of this slogan be further expanded, people would certainly be likely to develop some misunderstandings about the relations between the Army and the party. [dated] 19 November 1992

Regional Military Leaders Discuss Army Building

Lanzhou Commander on Economic Construction

SK1612015192 Beijing RENMIN LUNTAN in Chinese
No 4, 5 Aug 92 p 18

[Article by Fu Quanyou, commander of the Lanzhou Military Region, on army building in the new period: "It

Is Necessary To Subordinate Ourselves to the Basic Interest of Economic Construction"]

[Text] Based on a scientific analysis of the international situation and the strategic pattern of the world while focusing on China's grand goal of national economic development, Comrade Deng Xiaoping, as the chief architect of national construction and army building and with the foresight and sagacity of a proletarian revolutionary, explicitly called for subordinating army building to the basic interest of economic construction. The army's conscientious study and resolute implementation of this important idea of Comrade Deng Xiaoping have a very important strategic significance in building itself, voluntarily subordinating itself to the state's basic interest of economic construction, better performing its basic functions, escorting reform and opening up, and facilitating the socialist modernization drive.

Since the third plenary session of the 11th party Central Committee, the units of our military region, with the guidance of Comrade Deng Xiaoping's important idea while conforming to the new situation in which the party's and state's work focus is shifted to economic construction, have correctly handled the relationship between army building and economic construction. They have resolutely shouldered the two tasks of defending and developing the motherland with a strong sense of historical responsibility and awareness. They have proceeded from the rather difficult natural environment and relatively backward economic development of northwest China and fully developed the army's personnel as well as scientific and technological advantages. They have unified their will and action to actively participate in the economic construction of northwest China in line with the principles of keeping long-term interests in view, grasping the basic work, concentrating military strength, fighting protracted wars, combining peacetime needs with wartime preparedness, and making the army and the localities benefit from each other. We have deeply felt through practice that Comrade Deng Xiaoping's important idea of subordinating army building to the state's basic interest of economic construction is compatible with the major trend of peace and development in the present-day world and with the national and military situation; is a strategic measure for seizing the good opportunity to develop the economy and pursue new development in army building; is a major policy for making the nation prosperous and the army strong; is the enrichment and development of Mao Zedong's military thought; and is the basic principle for our army building of the new period. Only when the people are rich can the country become rich; and only when the country is rich can the army become strong. National defense strength, in the final analysis, depends on the country's economic strength. Only when we promote the economy rapidly can we provide necessary conditions and lay a substantial foundation for the development of the army.

Our country is currently in the crucial period for attaining the second-step strategic objective of economic development. We must resolutely implement Comrade

Deng Xiaoping's important idea of subordinating army building to the state's basic interest of economic construction and escort the in-depth development of reform and acceleration of economic construction with specific deeds. First, in line with the actual conditions of the army units of northwest China, we should conscientiously implement the guidelines of Comrade Deng Xiaoping's important speeches given during his south China inspection tour and the guidelines of Comrade Jiang Zemin's important speech given at the Central Party School and further unify the thinking of the vast number of officers and men in line with the major policy decisions of the party Central Committee and the Central Military Commission. We should correctly handle the relationship between army building and economic construction and between personal interests and national interests, make the spirit of reform dominant in army building, strive to improve the quality of army building, and take the road of streamlining the army with Chinese characteristics. Second, we should conscientiously perform our army's basic functions, defend national safety, safeguard social stability, and ensure the smooth progress of the state's economic construction, reform, and opening up. In line with the general requirement for becoming politically qualified and militarily competent, having good work styles, observing discipline strictly, and providing effective support, we should successfully carry out the various kinds of work focusing on military training; continuously enhance army units' combat strength; better perform the sacred responsibilities of opposing aggression from abroad and safeguarding people's peaceful labor and national safety and stability at home; and accomplish the historical mission of escorting economic construction. Third, we should greatly carry forward the Yanan spirit of arduous struggle, persistently build the army through thrift and hard work, greatly develop agriculture and sideline production, reduce the burden of the state and the people, launch extensive mass campaign for frugality, strengthen management, and improve efficiency. Fourth, we should conscientiously implement the guidelines of the instructions of the Military Commission and General Departments on the Army's participation in the state's economic construction. While concentrating efforts on supporting local key construction projects, we should support local economic construction in a well-organized and planned manner in line with the needs of the economic development of northwest China, with the focus on helping revolutionary base areas and minority, border, and impoverished areas shake off poverty, so as to make greater contributions to accelerating northwest China's economic construction.

Nanjing Commander on Combat Strength

SK1512030692 Beijing RENMIN LUNTAN in Chinese
No 4, 5 Aug 92 p 12

[Article by Gu Hui, commander of the Nanjing Military Region, on army building in the new period: "It Is Necessary To Uphold the Criterion of Combat Strength"]

[Text] Persisting in the road of streamlining the Army with Chinese characteristics, attaching importance to improvement of quality, and comprehensively enhancing the Army's combat strength constitute an important component of Comrade Deng Xiaoping's ideas on the army building of the new period. In the new situation in which reform and opening up are accelerated, we should always persist in the criterion of combat strength when strengthening party building and take military training as the central task. This is decided by our Army's fundamental responsibility. Our army is an armed group performing revolutionary and political tasks and a strong pillar of the people's democratic dictatorship. It performs the two functions of resisting the invasion of the enemy from abroad to defend the nation's independence and territorial integrity and preventing the enemy's subversion at home to safeguard the people's peaceful labor. Strengthening party building comprehensively and enhancing the Army's combat strength in the new situation are not only a need in defending the safety of the motherland but also a need in ensuring a stable environment for the nation's economic construction, reform, and opening up.

There are many ways to enhance the Army's combat strength. As far as military work is concerned, the most fundamental way is to intensify military training in the current conditions. Comrade Deng Xiaoping pointed out: "As there is no war now, what do you use to test cadres, improve cadres, raise the quality of the Army, and enhance the Army's combat strength? Do not we still have to start with education and training?" Guided by this important idea of Comrade Deng Xiaoping over the past few years, we have persistently taken military training as the central task; managed the Army strictly in line with the requirement for making the Army qualified politically, competent militarily, good in work styles, strict in observing discipline, and effective in providing support; and paid close attention to the military training focusing on improving quality. First, we have intensified the Army's regular training. In line with the requirement for regular training, the units of the military region have enhanced the sense of respect for the rules and regulations on the training. Their party committees have held discussions on the training, their major officers have participated in it, their organs have joined efforts, and they have strictly followed procedures and unified methods. In this way, they have created a good situation in which military training is managed according to law and conducted according to programs and promoted the improvement of the training quality. Second, we have attached importance to the Army's training with live ammunition. To persist in the criterion of combat strength and firmly embrace the idea of "training for the purpose of combating," we have used the modern combined tactical training center for the three armed services and adopted such advanced training methods as confrontation and simulation to comprehensively test the units' ability for real combat. We have made universal the units' training with real soldiers, real shells, and real

explosives; organized testing tactical trainings for various tasks participated in by various armed services; and put into practice the idea of composing and establishing combat strength at every level, thus enabling the units to undergo the training that is close to real combat and to enhance their ability for quick reaction and joint combat in modern conditions. Third, we have given prominence to the battle training of high-level leading organs. We have focused on possible combat tasks to conduct theoretical study and exercise, thus training and improving commanders at various levels, especially the organizational and command ability of high-level leading organs. Fourth, we have paid close attention to the basic training of the units. We have advocated and popularized the "Guo Xingfu teaching methods," trained a great number of instructors "competent in four aspects," and comprehensively upgraded the military training quality of grassroots officers and men, thus notably improving Army units' military and political quality, overall combat ability, and the ability to cope with sudden incidents.

In strengthening Army building comprehensively in the new situation, we should keep in mind the new demand of reform and opening up on Army building, base ourselves on the actual conditions of war zones, further emancipate our minds, have the courage to engage in exploration and practice, take the road of reform, and enhance combat strength through reform. We should put into practice Comrade Deng Xiaoping's important ideas on the Army building of the new period and implement in a creative manner the series of principles and major policy decisions of the party Central Committee and the Central Military Commission on Army building. In the practice of army building, we should enhance the sense of respect for quality and, focusing on the characteristics and demands of modern warfare, train the Army units strictly with live ammunition and by providing them with difficult tasks to enhance their ability to cope with changes in complicated conditions. We should enhance the concept of cherishing the Army and learning military knowledge, intensify the education of officers and men on our Army's functions, subordinate ourselves to and serve the general situation of reform, and make contributions in our own posts. We should enhance the concept of making earnest efforts to do practical work, renounce empty talk in favor of practical work, and achieve more real benefits. We should make sure that, under all circumstances, the Army units can be mobilized, can fight accurately, and can join and cooperate with other forces; can resolutely fulfill all the tasks entrusted by the party Central Committee and the Central Military Commission; can better perform the responsibility of our Army; and can escort reform, opening up, and economic development.

Economic & Agricultural

National Economy Expands at 'High Speed'

OW1712101392 Beijing XINHUA in English
1607 GMT 16 Dec 92

[Text] Beijing, December 16 (XINHUA)—China's economy continued to expand at high speed during November, according to the monthly report of the State Statistics Bureau.

It says the country's economy continued to improve although there was pressure on supply and demand in some areas and higher price rise.

National industrial output value increased by 26.1 percent compared to November last year.

The report lists two reasons for continued industrial growth.

While social investment demands were growing, the consumer commodity market became more active which sped up the development of light industry by 24.6 percent on the results of 12 months ago, and by 6.9 percentage points over the growth rate of the first 10 months of this year.

The base was low because of the production limit and stockpile deduction in the same period of last year.

The sales rate of the industrial products continued to grow with sales volume in November up by 24.3 percent over last year, accounting for 95.4 percent of total industrial production.

The overall economic efficiency of enterprises began to rise again with the economic efficiency indices of all enterprises above township level increasing to 88.39 percent.

In state-run enterprises, the sales volume during the first 11 months increased by 18.3 over the same period of last year with a pre-tax profit of 151.8 billion yuan (about 26 billion U.S. dollars), an increase of 18.5 percent.

The funds occupied by stockpiled products at the end of November decreased by 2.7 billion yuan. Loss-making enterprises in November accounted for 29.9 of all enterprises, a decrease of 0.9 percentage points over the end of last month. Losses in the first 11 months decreased by 2.4 percent over the same period of last year.

In the first 11 months of the year, the industrial output value of enterprises at and above township level increased by 20.4 percent over the same period of last year, including increases of 18.4 percent for light industry and 22.2 percent for heavy industry. Publicly owned industry increased by 12.6 percent, collectives by 30.7 percent including a 48.7 percent increase in township industry, while other industries increased by 49.5 percent.

Sales volume increased by 20.8 percent to the end of November.

Social demands witnessed a rapid growth.

In November publicly-owned work units realized a 42.1 percent increase in investment in fixed assets. Total investment in the first 11 months increased by 37.7 percent over the same period of last year.

Commodity retail sales in November reached 95.8 billion yuan, a 17.1 percent increase, with the sales of consumer goods increasing by 17.9 percent.

The activeness of the retail market can be attributed to the promotion of commercial departments and increasing demands of farmers.

During the first 11 months of this year retail sales reached 976.2 billion yuan, an increase of 14.9 percent. After excluding price rise factors the actual increase was about 9 percent.

The purchase and sale of production means in the national goods and materials system increased by 40 percent respectively in the first 11 months.

According to statistics from customs, the import volume in November was 7.6 billion U.S. dollars, an increase of 32.2 percent over the same month of last year. The export volume in November was 8.5 billion U.S. dollars, an increase of 28.7 percent.

During the first 11 months, the total import volume was 67.3 billion U.S. dollars, an increase of 23.8 percent, while the figure for exports was 73.7 billion U.S. dollars, an increase of 18.2 percent over last year.

Commodity prices in November were slightly higher. Living costs of all employees in 35 large and medium sized cities increased by 1.5 percent over October and by 12.8 percent over the same month of last year. The average increase rate was 10.8 percent in the first 11 months.

Price rises resulted mainly from price adjustments by the government and increased demand for goods and services.

In terms of the whole country, commodity retail prices grew slightly. Prices in November increased by 7 percent over the same month of last year. In the first 11 months of the year, prices increased by about 5.2 percent.

In the last few months prices in the rural markets have begun to rise again.

'Widening Gap' in Supply, Demand Stokes Inflation

HK1712014692 Beijing CHINA DAILY in English
16 Dec 92 p 1

[By staff reporter: "Economy Expands—At a Cost"]

[Text] China's economy continued to expand last month, but the widening gap between the demand and supply of goods and materials is still troubling economists and officials.

The nation's industrial output grew by more than 20 percent in November compared to the same period last year, with heavy industry outstripping light industry by 3.8 percent, according to a report released by the State Statistics Bureau yesterday.

However, the prices of goods and services also rose by 12.8 percent in China's 35 major cities last month

compared to November 1991. This was due to swelling demand and growing capital investments.

The bureau's economists warn that it is now crucial for the government's macroeconomic regulators to adopt more effective measures in making economic development sustainable under the pressure of higher prices.

During the first 11 months of this year, the retail sales prices index increased by 5.2 percent on the same period a year ago. In November alone, the major economic indicators reflecting inflation showed a rise of 7 percent on the same month last year.

Economic Benefits of Currency Exchanges Praised

HK1712114892 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0810 GMT 8 Dec 92

[Text] Shanghai, 8 Dec (ZHONGGUO TONGXUN SHE)—The Shanghai Branch of the Bank of China [BOC] has brought in the internationally accepted financial tool of "currency exchange" to promote growth in the domestic financial market. By capitalizing on the differences between supply and demand and between relative costs, it has enabled two parties to achieve better economic results through currency exchange.

In China's financial market at the moment, the interest rates for renminbi-denominated technical upgrading loans and three-year capital construction loans vary, while the interest rates for renminbi-and foreign currency-based loans are also different. In addition, different regions have different demands for different currencies. For example, the coastal regions have a high demand for foreign currencies, while the central and northwestern regions have a greater demand for renminbi; moreover, the financing cost also varies according to the creditworthiness of the fundraisers. In August this year, when the new Pudong district was in urgent need of renminbi-based capital, the Shanghai branch of the BOC signed an agreement for the exchange of \$100 million with the Guangdong Branch of the BOC, with the Shanghai Branch receiving the much-needed 580 million yuan renminbi while also controlling its foreign currency risks. If renminbi had been used directly, the 580 million yuan renminbi would have required interest payments of 50.1 million yuan per annum, while the foreign currency-based loan actually calls for interest payments of only \$4.06 million, which comes to 28.44 million yuan renminbi when calculated at the 7 yuan rate. This means a saving of 21.67 million yuan renminbi in interest payments, or 43 percent in cost savings. Meanwhile, the Guangdong side was able to acquire urgently needed foreign currency capital at a cost lower than the rate for regulated foreign currency. If it had bought regulated foreign currency, then it would have had to shell out 700 million yuan renminbi. By exchanging \$100 million, however, it cost only 580 million yuan, saving of 120 million yuan renminbi outright and saving 13.6 million yuan renminbi in interest payments per annum.

According to statistics from the BOC's Shanghai Branch, the total turnover in currency exchanges since August of this year has amounted to \$150 million, while the total amount of renminbi exchanges has reached 870 million yuan renminbi, which also exceeded the total amount of interest-free foreign currency-based mortgage loans of the local people's banks. Calculated in terms of the current savings and loans interest rates for local and foreign currencies as well as the regulatory foreign exchange rates, Party A can save 36.59 million yuan in costs and expenses each year and can save 110 million yuan renminbi through a three-year exchange; meanwhile, Party B can save an average of 75.54 million yuan renminbi in costs and expenditures each year and can save 230 million yuan in costs and expenditures for a three-year exchange. The results are impressive when seen from the macroeconomic point of view, where social and economic benefits can reach 340 million yuan renminbi.

Official Interviewed on Tariff Rate Reduction

OW1612132192 Beijing XINHUA Domestic Service in Chinese 0846 GMT 15 Dec 92

[By correspondent Zhang Yi (1728 3015)]

[Text] Beijing, 15 Dec (XINHUA)—Since this news agency's 4 December transmission of "our country's plan to reduce import tariffs on more than 3,000 taxable commodities," many readers have telephoned or written seeking detailed information on the current plan to lower tariffs. To provide the requested information, this correspondent interviewed Zhang Guosheng, deputy director of the office of the State Council's Tariff Regulations Committee.

Zhang Guosheng said: The current plan to reduce import tariffs covers 3,371 taxable commodities, or 53.6 percent of the total tax categories listed in the schedule of export and import tariff rates compiled by the customs authorities. The action, which will lower our country's overall tariff rate by 7.3 percent, represents the most wide-ranging adjustment of tariffs on commodities since the founding of New China. Tariffs on the following key commodities will be lowered: 1) raw and semifinished materials that we have secured through imports over the years; 2) advanced technological products that cannot be produced domestically; 3) a number of products indigenous to developing countries; and 4) finished products in which our country has acquired a considerable competitive edge in the international market.

By product category, tariffs on farm produce will be slashed by 8 percent. Of these, tariff rates on whey, unprocessed, and processed butter from cow's and goat's milk, chocolate and candy without cocoa, and cowhide will respectively decline from 20 percent to 7 percent, from 50 percent and 20 percent to 10 percent, from 40 percent to 15 percent, and from 12 percent to 10 percent.

Tariffs on mineral products will be reduced by 6.9 percent. Of these, tariff rates on crude oil, naphtha,

long-fiber asbestos, and jewelry will be slashed respectively from 3 percent to 2 percent, from 15 percent to 10 percent, from 20 percent to 15 percent, and from 9 percent to 7 percent.

Tariffs on chemical products will decrease by 4.2 percent. Of these, the tariff rate on ethylene, propylene, and butane will drop from 15 percent to 12 percent, while the rate on polyethylene, polypropylene, and other plastic materials will decline from 30 percent to 28 percent. Tariff rates on caprolactum, dyes, and primary sheet rubber [yi ci cheng xiang jiao pian 0001 2945 2052 2895 5231 3651] will be respectively lowered from 25 percent to 20 percent, from 25 percent to 23 percent, and from 30 percent to 5 percent.

Tariffs on wood and paper will be slashed by 9.4 percent. Of these, tariff rates on common logs, high-grade timber, thin sheets for making veneer boards, and raw paper will respectively decrease from 3 percent to 2.5 percent, from 25 percent to 20 percent, from 12 percent to 9 percent, and from 30 percent to 25 percent.

Tariffs on raw textile materials and textile goods will be reduced by 9.6 percent. Of these, tariff rates on artificial cotton and acrylic fiber, nylon, chemical fiber fabrics, and apparel will be respectively slashed from 25 percent to 20 percent, from 50 percent to 45 percent, from 100 percent to 90 percent, and from 100 percent to 95 percent.

Tariffs on construction materials will be slashed by 9.2 percent. Tariff rates on ordinary stone products and bricks for construction purposes will be cut from 70 percent to 60 percent, and cement products from 50 percent to 40 percent.

Tariffs on metals and metal products will go down 7.3 percent. Tariff rates on pig iron will be slashed from 3 percent to 2 percent, silicon steel sheets from 15 percent to 12 percent, and copper from 6 percent to 5.5 percent.

Tariffs on electromechanical apparatus products will be slashed by 6.2 percent. Tariff rates on household sewing machines will be cut from 60 percent to 50 percent, microcomputers of 32 bits or less from 50 percent to 20 percent, hand-held electrical tools from 80 percent to 75 percent, capacitors from 25 percent to 23 percent, polaroid cameras from 50 percent to 5 percent, ordinary cameras from 80 percent to 50 percent, camera focusing accessories and shutters from 80 percent to 25 percent, and photoconductor photosensitive drums for making copies from 50 percent to 20 percent.

Tariffs on transportation equipment will be slashed by 5.2 percent. Tariff rates on large airplanes or aircraft and their parts will go down from 6 percent to 5 percent, and automobiles with radiator and vibration-reducing device from 80 percent to 50 percent.

Asked what is the relationship between lowering tariff rates and China's economic structural reform, Zhang Guosheng replied that tariffs are an important means of

macroeconomic control. Adjusting the import structure by setting different import tariff rates for different commodities will serve our industrial and foreign trade policies. China is reforming its foreign trade management system. The direction for this reform is strengthening macroeconomic regulation, reducing administrative interference, and gradually establishing a foreign trade management system relying on foreign exchange and tariffs as the major means of control and regulation, to move China's foreign trade management system closer to international standards. The lowering of tariff rates is not only an important step we have taken to reform our foreign trade management system but is also an important part of China's economic structural reform.

Asked what impact lowering of import tariff rates will have on China's economic development, Zhang Guosheng said that this time we have taken the initiative to lower import tariff rates in order to meet the needs of the development of the national economy. Because the specific tariff rates on different commodities have been determined by conscientiously implementing the national industrial policy, taking into account the opinions of different industrial departments and heeding the need for industrial and agricultural development, and for raising the standard of living, the move will play a positive role in boosting our economic development. First of all, this move will lead to the expansion of importation of advanced technology and equipment, and help to advance technological progress in our country, and lay a foundation for the rapid and efficient development of the economy. Second, the move will facilitate importation of raw and semifinished materials to satisfy domestic needs for industrial and agricultural production. Third, the move will heighten enterprises' awareness of competition and goad them into improving the grade and quality of their products.

Liu Guoguang on Building Market Economic System

OW1512052392 Beijing QIUSHI in Chinese No 22, 5 Nov 92 pp 20-23

[Article by Liu Guoguang (0491 0948 0342): "Accelerate the Development of a Socialist Market Economic System"]

[Text] Thanks to more than a decade of exploration, the objective of China's economic restructuring has now been defined as, to establish a socialist market economic system. We underwent a development process in acquiring an understanding of the planned economy, commodity economy, and market economy. For a long period in the past, people thought that a planned economy was the essential characteristic of a socialist economy based on public ownership, while the commodity economy and market economy belonged to capitalism, which is based on private ownership. This traditional mentality began to change after the Third Plenary Session of the 11th CPC Central Committee.

With the deepening of reform and opening up to the outside world, we also have gradually deepened our understanding of the questions related to the planned and market economies.

The Planned Commodity Economy and the Socialist Market Economy

In 1984 the Third Plenary Session of the 12th CPC Central Committee put forward a theory that a socialist economy is a planned commodity economy built on the foundation of public ownership. This was a significant breakthrough in socialist economic theory. Considering the historical background as envisioned by such classical writers as Marx and Engels of a future socialism without commodity production, as well as the long-term rejection of the market by socialist practices over the past decades, the new thesis of the Third Plenary Session of the 12th CPC Central Committee on a socialist planned commodity economy could well be described as having epoch-making significance. Later in 1987, the 13th CPC National Congress went a step further to define a planned commodity economic system as a system characterized by an internal integration of plans and the market. These theoretical and conceptual breakthroughs and developments were exactly the reasons behind our relatively significant progress in reforming the ownership structure (and enterprise mechanisms), the cultivation and reform of market mechanisms, as well as the reform of macroeconomic administrative structures during the 1980's. The theory on planned commodity economy has undoubtedly given impetus to our market-oriented economic reform.

Nevertheless, some people, including economic theorists, have remained widely divided in their understanding of the nature of a planned commodity economy, since the theory on planned commodity economy was put forward. Some comrades stress the aspect of "commodity economy" in the term "planned commodity economy," saying a commodity economy is the essential characteristic of a socialist economy; while others stress the aspect of "plans," holding on to their belief that a planned economy is the essential characteristic of socialism. In spite of their agreement on the need to integrate plans with the market, some people believe that plans should be the principal and the market should be the supplement, while others stress that market regulation is primary and planned regulation is secondary. The handling of the relationship between the plans and the market in practice hinges on changes in the situation; sometimes the market is given greater emphasis, and at other times, the plans are given greater emphasis. The fear that overemphasis on the market might lead to capitalism often gives rise to doubts and misgivings about the "market orientation" of reform, thus preventing reform from advancing with big strides. This situation is closely related to our failure to, in the objective and model of reform envisaged in the past, explicitly establish either the plans or the market as the basic or dominant way of disposing of resources, and the

concept of "planned commodity economy" could not settle this controversial issue either.

The most important issue at the very core of social and economic lives is how to effectively dispose of accessible and utilizable funds, labor, materials, land, and other limited resources in society for the production of goods and services in numerous sectors and departments needed by society to eventually satisfy social demands as much as possible. In modernized social production, there are generally two ways to dispose of resources: One is through the market, and the other is through planning. An economy using mainly planning as the way of disposing of resources is called a planned economy, while one that uses mainly the market is called a market economy. The world's experiences in modern economic development, particularly the practice of China's reform over the past decade or so, have fully proven that the market is a more effective way to dispose of resources and that market mechanisms are able to—through changes in supply and demand, price signals, and competitive functions—better divert resources from localities, departments, and enterprises operating with lower efficiency to those with higher efficiency. Why did our southeastern coastal area develop faster than other parts of the country and why did Guangdong develop faster than other areas in that area (e.g. Shanghai) during reform over the past decade or so? One of the main reasons was the difference in the depth of their market-oriented reform; therefore, it has become the essence as well as the direction of China's economic restructuring in the 1990's to further deepen and widen the scope of market-oriented reform, to further play the role of market mechanisms, and to replace the way of resource disposal dominated by administrative orders and centralized planning with one based on and dominated by market mechanisms. History has taken its only option to confront us with the inexorable trend of establishing and developing a socialist market economic system.

It should be pointed out that the development of a socialist market economy is not a denial of the development of a planned commodity economy but precisely a logical extension of the development of a socialist commodity economy. As is known to all, a commodity economy is the sum total of the production and exchange of commodities. A market is an accompanying product to commodity economy—where commodity production and exchanges exist, there is a market. A market economy is a phenomenal form [xian xiang xing tai 3807 6272 1748 1966] of a relatively fully developed commodity market. A commodity economy, when developed to a certain stage and level, calls for a unified market through which resources are deployed throughout society, leading to the formation of a market economy. After all, China's planned commodity economy cannot forever remain at its primary stage of development, characterized by nonseparation of governments and enterprises, barriers between different departments and regions, inappropriate signals, and inflexibility in joining international markets. It has to forge ahead toward the

direction of a socialist market economic system with a unified and open domestic market and practices adaptable to the international market. This is a logical natural development process. A fully developed commodity market is inseparable from a market economy; therefore, viewpoints that allow only the development of a commodity economy but not the play of a market economy is untenable.

Some comrades may ask: If a "commodity economy" is a "market economy" and their transformation involves only a substitution of two characters, what substantive significance does it carry? From the preceding analysis, it is understood that a commodity economy and market economy are not exactly identical. Not all commodity economies are market economies; only the developed one can lead to the formation of a market economy. Besides, the corresponding side of a "commodity economy" is the "natural economy" and "product economy," referring to whether there is a sense of commodity and equivalent compensation in exchanging human conduct in the social specialization process; whereas the corresponding side of a "market economy" is a "planned economy," which emphasizes a basic formula in deploying social resources. Hence, the transformation of a "commodity economy" to a "market economy" and the establishment of a socialist market economic system is, through reform, to gradually substitute the administrative plans with market mechanisms that serve as the basic formula for deploying resources.

The Socialist Market Economy and the Capitalist Market Economy

The market, as an effective means for deploying resources and regulating the economy, is established on what is objectively required by commodity production on a socialized mass production basis; it does not possess characteristics of different social systems. Comrade Deng Xiaoping has explicitly pointed out: "Methods applied in a socialist market economy are basically similar to that of a capitalist society," meaning that we may learn, boldly borrow, channel in, and absorb the rules, formats, means, and methods of a market economy practiced by capitalist countries.

In other words, a socialist market economy, as its capitalist counterpart, should also possess the general basic characteristics of a market economy—for instance, all economic activities are directly or indirectly subject to market relations and a market provides the basic formula and means in pushing the flow of production factors and promoting the optimal deployment of resources; a market's functions can be realized through the law of value, supply-demand changes, and competitive mechanism functions, and the main market players (principally the various enterprises) are legal entities with independent operations, responsible for their own profits and losses, self-development, and self-restraint; the government may, through various policies and economic leverage, regulate the market, which in turn will regulate the enterprises; and the market demonstrates

the availability of a healthy, perfect system with scientific and strict regulations and highly responsive signals.

Besides, because a socialist market economy needs to embody the characteristics of socialism and reflect China's special conditions, it tends to be different from that of capitalist countries. The most prominent characteristic of a socialist system is that the Communist Party leads people's political power. Generally speaking, this regime does not serve the selfish interests of certain groups or individuals but works for the benefit of all people. On the basic economic system, the structure of socialist ownership takes public ownership as its mainstay, supplemented by sectors of nonpublic ownership, permitting joint operations between them under different formats. Enterprises with multieconomic components and operating patterns may enter the market for fair competition and common development. To correspond with its ownership structure, the socialist distribution system principally depends on work to be supplemented by other distribution methods, taking both efficiency and fairness into consideration. Market mechanisms are used to rationally adjust gaps and spur efficiency. In the meantime, various regulatory measures will be deployed to prevent polarization and gradually achieve common prosperity. With CPC leadership, public ownership foundations, and the goal of common prosperity, a socialist market economy, in voluntarily integrating the overall social interests and the factional ones, should be better and more effective than that of capitalist countries in terms of handling relations between planning and the market and between microliberalization and macrocoordination, stimulating economic growth, and attaining social justice.

A point that needs elaboration is that the conventional highly centralized planned economy, finding it difficult to adapt itself to the complex, ever-changing, multi-interested modern economy, has to use planning as a major means of deploying resources and a main basis for making decisions relating to microproduction and operations. It has experienced many contradictions and difficulties in practical economic functions; however, it should be pointed out that the market itself, as a means of deploying resources, has its own defects and shortcomings. As such, government's macrocontrol and regulation and planned guidance over the economy is a must. The government will not overlook these and will further strengthen them through reform; however, reformed "plans"—"plans" under the market economy—are no longer administrative orders or mandatory plans with assigned targets under the conventional planned economic system, but plans containing guidelines and policies. The government, by applying the law of value and through market regulation, will use the market as a medium to guide the economy. Of course, for a limited number of monopolies and certain sectors with essential public interests, direct administrative control will remain. Generally speaking, the government's planned control and regulation on the economy will primarily be based on a market that provides the basic formula for deploying resources.

It may be considered that the establishment of a socialist market economy means disposing of a conventional planned economy and a capitalist market economy based on private ownership, after their superior qualities are thoroughly absorbed.

Seize the Opportunities To Deepen Market-Oriented Reforms and Build a Foundation for the Socialist Market Economic System

As a result of the work accomplished in the last 10 years or so in promoting market-oriented reforms, China's economic operating mechanisms have undergone noticeable changes and the roles they play have become increasingly conspicuous. This development has greatly expedited China's economic development. Instead of being bleak and marked by shortages as in the past, the market today is thriving and lively, and people in cities and rural areas are enjoying the good life, which they have seldom experienced since the founding of the republic. The developments since the adoption of the reform policy also prove that the more a region, department, and enterprise gear their operations toward market needs and the closer they establish their ties with the market, the more vital and profitable their operations are and the faster growth they enjoy. On the contrary, the failure of enterprises and labor forces in gaining full market access and the ineffective roles played by market mechanisms have a close bearing on certain deep-rooted problems in China's economic operations, such as difficulties in restructuring the economic system, low economic returns, and a gross waste of resources. This being the case, we must seize the current opportunities and continue to promote market-oriented reforms, in which there are macroscopic regulation and control as well as guidance from economic planning, to remove the deep-rooted problems that obstruct economic operations and to build a strong foundation for a socialist market economy.

First of all, we must see to it that enterprises, especially large and medium state-owned enterprises, restructure their operating mechanisms. We must use different ways to rationalize property ownership, separate enterprises from government control, and push enterprises to the market so that enterprises can become genuinely independent legal entities and mainstay market competitors that are responsible for their profits and losses, seek their own development, and exercise self-restraint. We should promote stock ownership in a systematic and orderly manner and encourage enterprises to form enterprise groups, provided they have the resources to do so. As for the large numbers of small state-owned businesses, their operations can be leased or auctioned to collectives or individuals.

Second, we must make great efforts to nurture the market so that a sound market system can be established. Not only should we set up markets for consumer goods and production materials, we must nurture the money market and markets of labor services, technological expertise, information, real estate, and other important

ingredients. We must firmly remove the barriers, blockades, and monopolies set up between departments and regions and act as quickly as possible to set up a centralized and open market system in the country. We must especially speed up the pace of price reform and act as quickly as possible to establish a system of price signals—a system that can quickly reflect the scarcity of resources, which can provide proper guidance for distributing resources, and which is dominated by market-regulated prices. We must also establish a set of standardized and scientific market regulations and a management system.

Third, we must restructure the macroscopic administrative system. To establish effective macroscopic economic regulatory and control mechanisms compatible with the requirements of a market economy, the key lies in streamlining government organs and firmly changing the government's functions in economic management. If we fail to achieve substantive progress in this regard, we can hardly proceed with enterprise reform, market reform, and various other reforms geared to establishing a socialist market economic system. The government, instead of directly intervening in enterprise operations, should resort to indirect regulation and control through the market and by means of economic policies and levers. Moreover, the government should provide planning, coordination, supervision, and other services on a selective basis. When a market economic system has been established, banking institutions' indirect regulations and controls will become the major means for macroscopic economic regulation and control. As such, the central bank must operate more independently, and it must have broader autonomy in executing monetary policies and regulating credit, specialized banks must continue to operate like enterprises, and the money market, including all forms of securities markets, must maintain a stable development. With respect to restructuring the financial system, we must continue to improve the complex budgetary system, restructure the revenue-sharing system, and establish a scientific taxation system that takes into consideration revenue and economic regulation and control. We must also renew our concept about economic planning and reform the systems governing economic planning and investment to develop a diverse investment pattern guided by production policies and dominated by enterprise investments. While these reforms deepen, we must continue to strengthen and improve the roles played by financial, monetary, production, and revenue policies in macroscopic regulation and control.

Moreover, we must establish and perfect our social security system and draw up and improve various laws and regulations that can strengthen macroscopic economic management and control microscopic economic conduct. We must accelerate the development of all these projects, which are indispensable for promoting market-oriented reforms and establishing a socialist market economic system. In short, the establishment of a socialist market economic system is a complex and

formidable social system engineering project that requires us to draw up a general plan, carry out various projects by stages, and do painstaking and meticulous work for a long time to come. We believe that the gradual formation of our socialist market economic system will greatly enhance China's efficiency in distributing its resources and its economic operations as a whole, and hasten the realization of the strategic objective of building a modern China.

Further Views Expressed

HK1712024092 Beijing RENMIN LUNTAN in Chinese Nos 7-8, 5 Nov 92 pp 68-70

[Article by Liu Guoguang (0491 0948 0342), vice president of the Chinese Academy of Social Sciences: "Brief Views on the Socialist Market Economy"]

[Text] The development of practice and the deepening of understanding require us to explicitly propose that the target of China's economic structural reform is to establish the socialist market economic structure to further emancipate and develop the productive forces.—Quoted from Comrade Jiang Zemin's report to the 14th CPC National Congress.

The 14th CPC National Congress explicitly proposed that the target of China's economic structural reform is to establish the socialist market economic structure. This decision has major theoretical and practical significance. It is the result of further deepening the theory on China's socialist economy and is also a demand for further developing China's socialist economic reform practice.

The Result of Deepening Understanding

Since the introduction of reform and opening up, China has continuously explored the mode of economic structural reform, the core issue being how to correctly understand and handle the relations between plans and markets. According to the traditional concept for a long time in the past, the socialist economy based on public ownership could only be a planned economy and not a commodity economy, let alone a market economy. At that time it was believed that the commodity economy could only be based on private ownership and the market economy fell into the category of the capitalist economy. Of course, when practicing the planned economy, socialist countries also allow the existence of some commodities and markets, but commodities can only be exchanged under different ownership forms and markets can only exist in the planned economy as its subsidiary. This was so in China before reform. Examples are a big plan, small freedom; allowing marketplaces; allowing commodities of Category Three to be marketed; and so on. But generally speaking, the scope and role of markets were strictly restricted and in theory the existence of market economy and commodity economy was denied. This situation began to relax after the introduction of reform and opening up. It was not until the Third Plenary Session of the 12th CPC Central Committee in

1984 that, on the basis of summing up practical experience, an explicit proposal was raised for the first time that the socialist economy is a planned commodity economy based on public ownership. This was a major breakthrough in the socialist economic theory on the question of plans and markets. It began to play a positive role in promoting China's market-oriented reform in the subsequent period.

But after the theory of the planned commodity economy was put forward, people's understanding was not unanimous. Regarding the term "planned commodity economy," some comrades stressed the aspect of "planned" and continued to think that a planned economy was an essential characteristic of the socialist economy. Some other comrades stressed the aspect of "commodity economy" and said that a commodity economy was an essential characteristic equal to public ownership and distribution according to work in the socialist economy. Everybody agreed that plans and markets should be integrated, but some comrades said plans were the main body and markets were subsidiary, and still others said that regulation through the market mechanism was primary and regulation through plans was secondary. In the practice of handling the relations between plans and markets, sometimes people were biased toward the aspect of markets and sometimes they stressed centralized planning, depending on changes in the situation.

This difference in understanding and fluctuations in practice suggest that there are still misgivings hard to dispel on the question of plans and markets, although there is constant progress amid exploration, therefore further efforts should be made to solve these misgivings.

This is a difficult problem because in most cases it is hard to get rid of sensible issues in the ideological field. We were not alone when, for a long time in the past, we regarded the planned economy and the market economy as economies falling into the category of a social system—even Western economists generally equate the market economy with the capitalist economy, and the "centralized planned economy" with the socialist economy. On one hand, we were restricted by our own traditional concepts; on the other hand, we unconsciously used Western concepts to bind ourselves more tightly. Some people think that the social instinct of some Western academics in doing this is to use the general characteristics of the market economy to cover up the exploitative nature of the capitalist economy.

Against this mental background, people will still be worried about the market economy for some time, even after they recognize the concept of socialist commodity economy, fearing that too much stress on the market economy might lead to capitalism. Therefore, it is hard to get rid of the ideological bind which regards the planned economy and the market economy as economies falling into the basic category of a social system. This also prevents people from understanding the unreplaceable role of the market mechanism in optimizing the disposition of resources. Thus, they have misgivings

about the "market orientation" of reform and generally cannot take a big stride forward in reform.

To tackle the above ideological misgivings and difficulties, Comrade Xiaoping expressed his brilliant views again on the question of plans and markets during his southern tour talks early this year. As early as 26 November 1979, Comrade Xiaoping said: "Why is socialism not allowed to practice the market economy?" He reiterated this view during a talk in 1985 and made a more in-depth exposition on this question during his southern tour talks. Comrade Xiaoping pointed out: "A planned economy does not mean socialism; capitalism also has plans. A market economy does not mean capitalism; socialism also has markets. Both plans and markets are economic means. Whether plans are more than markets or markets are more than plans is not the basic difference between socialism and capitalism." This scientific thesis has fundamentally removed the traditional concept which regards the planned economy and the market economy as basic social systems, has cured our "fear of capitalism," and has enlightened people in reconsidering taking the socialist market economic structure as the target of economic reform. The 14th CPC National Congress made an explicit confirmation and decision on this. This is another big ideological emancipation on the relations between plans and markets subsequent to the theory of "planned commodity economy" proposed in the early 1980's, and is also another major breakthrough in the socialist economic theory.

The Demand of Practice and Development

In economic development, the market economy emerged before the planned economy. The market economy is a product of a highly developed commodity economy. It requires all socioeconomic resources to move freely in a unified domestic market, to have effective disposition, and to enter the international market. The formation of the modern market economy promoted big capitalist economic development and at the same intensified internal capitalist contradictions. When the market economy developed to the early 19th century, periodic economic crises began to appear, causing social disasters such as factories' bankruptcies and unemployment, which subsequently kept worsening. To tackle this major shortcoming of the market economy, two different policies and two different methods were adopted in the world economy.

The first method: After the mid-19th century, scientific socialism raised the idea of planned economic development and the proposal for a planned economy. This proposal began to be implemented in the early 20th century after the Russian October Revolution and was popularized in some socialist countries after the end of World War II. Countries practicing planned economies had successful experiences and lessons of failure as well. Practice proved that when economic development was at a comparatively low level, the construction scale was comparatively small, the economic structure was comparatively simple, and the development target was also

comparatively simple and centralized (such as for coping with wars, crises, disasters, and solving food and clothing problems); and in a state of being closed or semiclosed to the outside world, a planned economy was comparatively easy to practice and to be successful. But when the economic development scale expanded, the economic structure became complicated, the development target became diversified, the people's demand in livelihood rose, and foreign economic relations became more and more open, a planned economy's shortcoming of being unable to bring people's initiative into play began to manifest itself because this economy was under rigid control, thus causing a decrease in economic results and economic growth. In particular, it was difficult to solve the shortage of materials and the inadequacy of consumer goods. To further emancipate and develop the social productive forces, the task of fundamentally reforming the traditional, planned economy was set for socialists.

The other method: In the latter half the 19th century, Western capitalist countries began to look for ways to cure the shortcomings of the market economy under the market economic structure. Particularly after the big crisis in the 1930's, there arose government intervention in economic affairs represented by U.S. President Roosevelt's "New Deal" and macroeconomic management theory represented by Britain's Keynes' "The General Theory of Employment, Interest, and Money." This theory was generally accepted by Western countries after World War II. Governments of various countries carried out macro regulation through financial and monetary policies, some countries introduced guidance plans, and quite a number of others practiced social welfare policies. These countries could not completely free themselves from the trouble of capitalist contradictions because the basic framework of their market economies with private ownership as the main body had not changed. But the implementation of the above macro regulation and control and social welfare policies had alleviated periodic economic crises and confrontation of social classes. Moreover, in the new waves of strong scientific and technological revolutions occurring for several times after the war, modern capitalism not only "survived its death throes" but also maintained certain vitality and vigor.

From the above, we know that the planned economy and the market economy had experienced successes and failures in different historical periods and under different conditions. But judging from the overall effectiveness, modern market economy has proved itself to be a more effective economic operational mechanism than traditional, planned economy. This objective reality finally became one of the important factors leading to a change in the East-West pattern. In practicing a planned economy, China was successful during the First Five-Year Plan, making it possible for the country to initially build an industrial system centering on heavy industry and the national economic system. But in the course of practicing the planned economy, China also experienced

an imbalance between economic sectors and large-scale fluctuations; materials fell short of supply and efficiency remained low, which constituted diseases difficult to cure in China's economic life. After the Third Plenary Session of the 11th CPC Central Committee, we promptly adopted market-oriented reform measures to tackle these problems. The development and changes in China's economic reform for the last 10-odd years, including the diversification of the ownership structure, the marketization of main economic bodies (enterprises), the nurturing of the market system, the gradual change toward government indirect economic management (through market management), and so on, have manifested themselves in the incessant expansion and incessant deepening of market-oriented reform. Facts have proved that localities, departments, and enterprises where reform has proceeded profoundly have also registered fast development rates. Why is it that China's southeast coastal areas have developed faster than the rest of the country in the last 10-odd years? Why is it that Guangdong has developed faster than Shanghai although both of them are in coastal areas? Why is it that state-owned enterprises with the most powerful economic strength are inferior to nonstate-owned enterprises? An important reason is the difference in the progress of market-oriented reform. Take China as a whole: The country's overall economic strength has much improved in reform over the last 10-odd years, goods in the market are unprecedentedly abundant, the people's standard of living has markedly risen, and the workers and peasants wholeheartedly support the party and stability. This was an important reason why China could stand firm amid severe tests years ago. This also proves from one aspect that China was wise in selecting the road of market-oriented reform.

China took a big step up in the 1980's. In the 1990's, we should seize the favorable opportunity to expedite our development on the basis of optimizing the production structure, improving quality and results, and maintaining stability and coordination. We should further widen the scope of opening up, restore China's position in GATT, make a big stride toward the international market, and participate in international competition. All these urgently require us to take serious account of the leading role of markets in resources disposition and to explicitly propose that the socialist market economic structure is the target of China's economic reform. Based on the socialist market economic structure, we should properly integrate plans and markets—these two forms and methods for resources disposition. Whatever can be solved by markets should be solved by markets; whatever cannot be managed or managed well by markets should be managed by the government through its policies and plans. Apart from not excluding government macroeconomic regulation and control, modern market economy also relies on them in making up the shortcomings of markets. Of course, this plan is not a traditional, administrative one, but is a guidance plan of a policy nature which meets the demand of market economic

rules; it does not exclude the necessary management over some key national economic sectors through administrative orders.

It Has General Characteristics and the Basic Characteristic of the Socialist System

The socialist market economic structure we wish to establish is a market economic structure under the socialist system. It has the general characteristics of the market economy and the basic characteristic of the socialist system as well.

The market economy is an economy with markets as the basis and main method for resources disposition. This is a method for resources disposition objectively necessary when all commodities' production develops into the period of large-scale socialized production, during which it will basically not rely on the nature of the social system. Comrade Xiaoping pointed out: "In terms of methods, the socialist market economy is basically similar to capitalist society." This refers to the general characteristics of the market economy. Of course, the market economy under the capitalist system has the basic characteristic of the capitalist system. For example, it is based on private ownership, takes profit-making as the only target, and so on, which give rise to all sorts of shortcomings under capitalism. We should not blindly learn from this. Apart from this, we can use as references the rules, forms, means, and methods for capitalist economic operations.

What are the general characteristics of the market economy? In my opinion, they are mainly as follows: 1) Enterprises are the main component of markets' legal persons. Enterprises can make their own decisions, carry out independent operations, and assume sole responsibility for their profits and losses, no matter what ownership system they belong to or what kind of position their legal persons hold. 2) All kinds of products, service, money, as well as production factors including capital and labor can freely move according to favorable prices and costs, with free adaptation between their supply and demand, forming equilibrium of prices. 3) An impetus and pressure are frequently created for enterprises—the main component of markets—through sensible market signals such as prices and the competition mechanism in which the strong wins and the weak loses, so as to effectively dispose resources and meet maximum social demand. 4) Because it is difficult for the market structure to reach a complete competition and provide complete information, the structure is characterized by spontaneity and responsiveness, and the market economy relies on its operation alone, it is hard to avoid periodic economic crises, to materialize prolonged economic stability, to prevent the emergence of polarization, and to tackle the major challenge of ecological, environmental, and resources protection. Therefore, to make up for these shortcomings of its market mechanism, modern market economy must have government macroeconomic management and planned regulation and control to intervene in its market operation. Unquestionably, these

general characteristics of the market economy also apply to the socialist market economy.

Apart from these general characteristics, the socialist market economy also has special features different from the capitalist market economy. These special features are determined by the basic characteristics of the socialist system. What are the basic characteristics of China's socialist system? In terms of political system, the most important point is the leadership of the Communist Party and the people's government. Taken as a whole, this regime does not work for the interests of some groups or for personal interests, but takes serving the interests of the entire people as its aim. In terms basic economic system, the ownership structure is mainly composed of public ownership (including state ownership and collective ownership) with individual, private, and foreign-funded economic sectors as subsidiaries. Different ownership systems may form combined operations in different forms and enterprises of various economic components and operational forms may enter markets for equal competition and common development. The leading role of the state-owned economy must be brought into play through market competition. To correspond with the ownership structure, the socialist distribution system takes distribution according to work as its main component, with distribution of other production factors as its subsidiary, giving equal consideration to efficiency and fairness. The market mechanism is used to rationally widen the gap and to stimulate efficiency. In the meantime, various regulatory means are adopted to alleviate unfairness in distribution and to gradually bring about common prosperity. These basic characteristics of the socialist system can only have an important influence on the operation of the market economy. Because there is communist leadership, there is a basis for public ownership and a target for common prosperity, so the market economy under the socialist system should be more effective and better than the capitalist market economy in handling the relations between overall and local interests, between long-term and short-term interests, between plans and markets, between microinvigoration and macrocoordination, and between stimulating economic efficiency and bringing about fairness in society. In this way, there will be more consciousness and planning in the operation of the socialist market economic mechanism. Of course, any matter has two aspects. A country where the operation of the socialist market economic mechanism is comparatively strong can consciously carry out regulation. Although this is favorable to reducing the shortcomings of markets, new problems may arise because of faults in planned regulation and control or because of the application of an inappropriate force to macro regulation and control. Therefore, the characteristics of the socialist market economy provide us with certain strong points, but at the same time require us to have a deeper understanding and mastery of market economic laws.

The establishment of the socialist market economic structure is a complicated social systems engineering

which includes reform involving many mutually-related major aspects and requires prolonged, arduous, and meticulous work. It requires the entire party, the entire people, and various circles in society to continue to make bold explorations, bold experiments, and prompt summations of experiences on the basis of achievements in market-oriented reform over the last 10-odd years, so as to smoothly promote the transformation of China's economic structure. This will greatly stimulate the process of building socialism with Chinese characteristics and will make it possible to bring about China's second and third strategic targets of economic development ahead of schedule.

More State-Run Enterprises Leased to Individuals

OW1712085792 Beijing XINHUA in English
0844 GMT 17 Dec 92

[Text] Beijing, December 17 (XINHUA)—Beijing commercial departments have conducted further reform by leasing more than 3,606 small retail outlets to groups of former employees or individuals in the first 11 months of this year.

Though the state still owns the shops, the leaseholders will have independent management rights and be responsible for the profits and losses themselves.

The vegetable company of Haidian District has 33 shops, and was 120,000 yuan in the red in 1991. After all the shops were leased to individuals in August this year, the shops began to make profits two months later and 285,000 yuan in profits is expected by the end of the year.

The capital has more than 7,000 small state-run commercial enterprises, with over 250,000 employees. Their sales volume increased by 25.2 percent in the first 10 months of this year. The profit is 15.8 percent over that of the same period of last year.

Energy Generating Expansion Plans Revealed

HK1712025992 Beijing CHINA DAILY in English
17 Dec 92 p 2

[By staff reporter Chang Weimin: "\$3.3B Plan for New Power Plants"]

[Text] China is to spend more than 20 billion yuan (\$3.33 billion) building five new power stations and expanding two others to meet its growing energy needs.

So far this year, the State Planning Commission has approved 30 large power projects. When they are completed, electricity installation capacity will be increased by 17.47 million kilowatts.

The State Energy Investment Corporation said capacity of the five stations will be 4.33 million kilowatts and the other two will be increased by 1.8 million kilowatts.

The five plants are to be built in Shenzhen and Heilongjiang, Hubei, Hunan, and Guangdong Provinces.

The largest of the five is to be built in Shajiao in Guangdong. Its capacity will be 1.98 million kilowatts.

Approval for expansion of the other two power stations, in Gansu Province and Xinjiang, will be issued soon.

Latest statistics from the Ministry of Energy Resources show energy production this year will be equal to 1.056 billion tons of standard coal, 13 million more than last year.

Coal accounts for 74.4 percent of production, crude oil 19 percent, natural gas 1.98 percent, hydro power 4.6 percent and nuclear power less than 0.05 percent.

The ministry estimates coal production this year will reach 1.1 billion tons, compared with 1.08 billion in 1991.

The shortage of coal supplies, a headache for years, has eased.

Stockpiles at coal mines have been reduced by 9 million tons in the first six months this year.

But, storage at coal-using enterprises has been on the rise. At power stations, the storage will amount to 10 million tons by the end of this year.

The corporation said 1 billion kilowatt hours have been produced by China's only nuclear station at Qinshan, Zhejiang Province.

It is a small figure, but represents a breakthrough, the corporation claims.

The Daya Bay nuclear station in Guangdong Province is now in trial operation and will produce electricity and be integrated in power grids in October next year.

Up to December 14, power production this year was 705 billion kilowatt hours. Production for the entire year is expected to top 740 billion kilowatt hours, 35 billion more than the planned figure and 63 billion more than last year.

Consumption of coal has dropped by 3 grams per kilowatt hour, meaning 1.8 million tons of standard coal will have been saved this year.

The corporation also said quality of power lines has improved, cutting electricity waste in transport by 3 million kilowatt hours.

Although China's power production has steadily increased since 1988, power supply has failed to meet demand, particularly in coastal areas and in summer.

In inland provinces such as Shaanxi, Yunnan, and Guizhou, supply also has been short of demand.

The estimated output of crude oil this year will be 140.5 million tons, compared with 139.76 million last year.

Onshore oil production has become difficult due to decades of exploitation. Output in inland oilfields this year did not increase.

But this was made up by an increase in offshore oil production this year, topping 3.5 million tons, 500,000 more than the yearly plan. Last year's output was 2.3 million.

More Yangtze Harbors Open to Foreign Ships

OW1612133092 Beijing XINHUA in English
1253 GMT 16 Dec 92

[Text] Beijing, December 16 (XINHUA)—China has opened a total of eight harbors along the Yangtze River, the world's third-longest, to foreign ships since 1982, when Nantong in Jiangsu Province was the first inland port to welcome foreign fleets.

The other harbors are the ones at Zhangjiagang, Nanjing, Zhenjiang, Jiangyin, Wuhu, Jiujiang and Wuhan, most of which opened this year.

According to an official at the Ministry of Communications, these harbors are located on a stretch of 1,102 km on the middle and lower reaches of the river, making it the longest inland waterway in the world.

The official said that China has injected 1.64 billion yuan over the last decade to improve the Yangtze waterway. In the process, 42 berths have been added. Thirty of them can handle ships of up to 10,000 dwt [deadweight tons].

The construction of such modern harbors has promoted water transportation in the area. The mainstream alone carried 8.69 million tons of export products in 1991, three times more than the figure for 1984. The eight harbors open to foreign ships handled up to 100 million tons of goods last year, making up 72 percent of the total freight handled by the harbors on the river's mainstream.

First Nationwide Goods Circulation Group Formed

OW1712092192 Beijing XINHUA in English
0906 GMT 17 Dec 92

[Text] Beijing, December 17 (XINHUA)—China's first nationwide goods circulation enterprise group, the China Huatong Goods Enterprise Group, was established here today.

The group consists of 55 largest goods [as received] corporations across the country which will undertake the contract supply of goods for various construction projects and for all the factories and enterprises.

The enterprise group, with its scope of businesses covering capital goods, real estate, storage and transportation, will also engage in the marketing of the products manufactured by the factories and enterprises and act as the agent for them.

According to an official with the State Ministry of Goods, the establishment of the group is one of the important measures taken by the ministry in an effort to adapt to the market economy and to quicken the transfer of its administrative functions.

The official said the present reform of China's goods supply system is oriented toward commercialization and industrialization. Some of the administrative organs under the ministry should turn gradually into economic entities in light of their actual situations and the demands of the market economy.

As for the overlapped or overstaffed organs or functions, the departments of goods at various levels should cancel or merge them resolutely according to the actual needs.

National Urban Construction Meeting Opens

SK1712021092 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 15 Dec 92

[Text] The national urban construction conference opened in Jinan on 15 December. At the conference, the participants will implement the spirit of the 14th CPC Congress; summarize and exchange the experience gained in the reform and opening up of urban construction; and define the guiding ideology, fighting targets, and main tasks of urban construction and management for the coming certain period.

Attending the conference were Jiang Chunyun, secretary of the Shandong Provincial Party Committee; Zhao Zhihao, deputy secretary of the Shandong Provincial Party Committee and governor of Shandong Province; Hou Jie, minister of construction; Li Zhendong and Zhou Ganzhi, vice ministers of construction; Zhang Ruifeng, vice governor of Shandong Province; Zhai Yongbo, vice chairman of the Shandong Provincial Chinese People's Political Consultative Conference Committee; Chen Liyou, vice governor of Hebei Province; Cong Zhenglong, vice governor of Liaoning Province; and responsible comrades from the governments of relevant provinces, municipalities, cities authorized to undertake independent economic plans, and of cities of provincial capitals.

The congratulatory message of Zou Jiahua, vice premier of the State Council, to the conference was read at it.

Comrade Jiang Chunyun delivered a speech in which he pointed out: Urban construction represents prop and service industries in the national economy and also is the largest artistic and mold-making project. The success of urban construction has a bearing on the building of socialist material and spiritual civilizations and is very important for us to promote the economic development and to improve the people's livelihood. We should approach the work by putting it on a more important position of strategy. Jiang Chunyun urged fraternal provinces and cities to drop their precious experiences gained in this regard to the province so as to enable these

experiences to yield positive results in the province and to improve the province's work in urban construction to a new level.

Zhao Zihao also made a speech in which he said: Since the reform and opening up, our province has introduced in an overall way the competitive mechanism of urban construction; vigorously enhanced the construction of infrastructures; and continuously upgraded the quality of urban areas. Our province has also achieved progress in developing economic and urban constructions in a harmonious way. The central standing and influence of every city in opening the province to the outside world and in developing the economy have become increasingly obvious. Zhao Zihao expressed in his speech that efforts should be made to further establish service systems in conducting urban construction in the future; to enhance the comprehensive function; and to strive to make a new breakthrough in accelerating the pace of reform, opening up, and development.

Hou Jie also delivered a speech in which he fully acknowledged the achievements scored our province in urban construction and the experience created by our province. He also elaborated the issues concerning urban plans, construction, and management.

Zhou Ganzhi delivered a report at the conference. The Ministry of Construction commended at the conference the 10 cities outstanding in consolidating their environment in a comprehensive way. Jinan has won national prizes for the outstanding work done in consolidating the environment in a comprehensive way. Yantai city has won the first place in the provincial prizes for such outstanding consolidation work at the prefecture-city level. Laizhou city has won the first place in provincial prizes for such work at the county level. The ministry also gave the honorary title of spotless city to Beijing, Shenzhen Special Economic Zone, and Jinan; as well as the honorary title of garden city to Beijing, Hefei, and Zhuhai Special Economic Zone.

Provinces, Cities Stem Flow of Rural Workers

HK1712025092 Beijing CHINA DAILY in English
17 Dec 92 p 3

[By staff reporter Gao Jinan: "Joint Plan To Control Labor Flow"]

[Text] Several provinces and cities are joining forces to stop rural labourers from flocking to the cities to look for work, particularly after the Chinese lunar new year festival.

Co-operation between provinces is just one of the steps taken by the government to guide and control the massive flow of rural labourers to cities.

Officials from the Ministry of Labour hope such cooperation will help avoid unexpected migrant waves which worry central and local governments.

In the past couple of years, millions of rural labourers flocked to cities such as Beijing and Guangzhou, jamming the national transport network and causing accommodation difficulties in those cities.

The ministry's deputy director of labour and employment, Zhang Xiaojian, does not foresee such massive migrant waves in the coming lunar new year which falls in January but he said he could not rule out the possibility either.

Guangdong Province, often thought of as a paradise for jobs and fortunes by rural job-seekers, has established labour cooperation with Sichuan, Guizhou, Hubei, Hunan, Jiangxi, Anhui, and Henan Provinces and Guangxi Zhuang Autonomous Regions, its main labour suppliers.

And Beijing has a good labour cooperation with its neighbour, Hebei Province, said Zhang.

Under their cooperation agreements labour administration agencies in Guangdong and Beijing will provide job information to their partners who will help to organize and send labourers there in a well-planned way.

After the new year last February, some 120,000 rural labourers flocked to Guangdong Province, a drop of 70 percent from that of the corresponding period of the previous year, thanks to the cooperation between the province and its partners.

Minister of Labour, Ruan Chongwu, spoke highly of the cooperation and urged other provinces and regions to follow suit when he met with local labour administration officials in Beijing on Tuesday.

"We should not ignore the massive flow of surplus rural labourers to cities," he said.

While working hard to guarantee the employment of urban residents, his ministry will also consider how to settle rural surplus labourers.

The number of surplus rural labourers is more than 100 million because farming now requires fewer hands under the current rural contract system.

He said the ministry will explore more ways to create more job opportunities by transferring these labourers to nonagricultural industries—rural enterprises, service trades and agriculture-related processing industry.

East Region

Anhui Governor on Prevention of Snail Fever

OW1612152292 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 14 Dec 92

[From the "Provincial Hookup" program]

[Excerpts] The 1992 National Working Conference on Prevention of Snail Fever, which is sponsored by the State Council, opened 4 December at the Daoxiang Building in Hefei. This is the fourth such national working conference sponsored by the State Council. Xu Zhijian, deputy secretary general of the State Council, and others attended the meeting. [passage omitted]

Fu Xishou, governor and deputy secretary of the provincial CPC committee, delivered a work report on preventing snail fever. [passage omitted]

Fu Xishou said that since the Nanchang meeting, our province has checked 4.64 million people for snail fever and treated 457,000 snail fever patients. [passage omitted]

Fu Xishou said the province will strive to achieve the goal of basically exterminating snail fever by the end of this century.

Anhui Meeting on Grass-Roots Party Building

OW1712073092 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 14 Dec 92

[From the "Provincial Hookup" program]

[Text] The provincial party committee convened a meeting 11-12 December on party building at the grass-roots level in rural areas. Representatives from some prefectures, cities, and counties attended the meeting, which was held in suburban Hefei.

Meng Fulin, deputy secretary of the provincial party committee; Liu Guangcai, standing committee member and director of the provincial party committee organization department; and other responsible individuals of relevant provincial departments attended. Meng Fulin made the closing speech.

The participants held: Rural areas in Anhui have done a tremendous job and scored marked results in party building at the grass-roots level over the past year. Party committees at all levels in rural areas have attached great importance to building party organizations at the grass-roots level and have encouraged party members at large to play an exemplary vanguard role in promoting the central task of economic construction.

In his speech, Meng Fulin forwarded demands for improving party building in rural areas under new circumstances. He said: On the basis of earnestly studying and implementing the guidelines of the 14th CPC National Congress and of the eighth enlarged plenary

session of the fifth provincial party committee, and on the basis of further emancipating our minds and changing our way of thinking, we should pay close attention to improving village-level party organizations, mainly party branches, and build rural party branches into fighting bastions for deepening the rural reform; establishing a socialist market economy; accelerating economic development; and advancing toward prosperity.

Meng Fulin emphasized: The further we advance in reform and opening up, the greater importance we should attach to party building. We should foster a firm mentality of attending to both aspects—promoting economic development while building party organizations.

Jiangxi Secretary Addresses Party Session

HK1712051092 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 11 Dec 92

[Excerpts] The Seventh Enlarged Plenary Session of the Ninth Jiangxi Provincial Party Committee was held in Nanchang today. The session urged the people in the province to deeply study and implement the spirit of the 14th party congress, firmly grasp the theme of expediting reform and opening up and modernization construction, further emancipate the mind, do solid work, and make another big step to scale new heights next year.

This year, with encouragement from Deng Xiaoping's southern tour speech and the spirit of the 14th party congress, the vast urban and rural areas in our province have radiated vitality and new vigor. It has been a year of great emancipation of the mind, of great breakthrough in reform and opening up, and of great development of economic construction and various undertakings. [passage omitted]

Mao Zhiyong [provincial party secretary], Wu Guangzheng [governor], Liu Fangren, Zhu Zhihong, Lu Xiuzhen, Ma Shichang, Zhang Chuanshi, Zhang Fengyu, (Peng Kuansheng), (Zhong Qihuang), (He Shiqian), Wu Ping, (Di Sheng), (Liu Zhonghou), and (Wang Shufeng) attended the meeting and sat on the stage.

Wu Guangzheng presided over the meeting.

On behalf of the provincial party committee standing committee, Mao Zhiyong made a speech entitled, Grasp the Theme of Expediting Reform and Opening Up and Construction, and Make Another Big Step To Scale New Heights Next Year.

The speech had three parts. First, making efforts to fulfill the strategic duties raised by the 14th party congress, we must further emancipate the mind and strengthen consciousness for expediting reform and opening up and modernization construction. Second, we must go full steam ahead to change to the track of thoroughly developing a socialist market economy, and grasp several things which have a bearing on the overall situation of

our province's reform, opening up, and economic development. Third, strengthen party building and firmly grasp the power to take initiatives in reform and construction.

In his speech, Mao Zhiyong first unrolled the blueprint for our province next year. He said: Next year, as the first year of thoroughly implementing the great strategic decisions raised by the 14th party congress, the whole work must use the spirit of the 14th party congress as a compass; view economic construction as the center; view changing to the system of socialist market economy as the goal; and seek new progress in emancipation of the mind, new breakthrough in reform and opening up, and another big step in economic construction and various work.

Regarding the preliminary arrangements next year, GNP should increase 10-12 percent, total agricultural output value should increase 5-7 percent, total industrial output value should increase 15-18 percent, the increase value of tertiary industry should grow 13-15 percent, revenue should increase 12 percent, and per capita income for peasants should increase by more than 70 yuan. [passage omitted]

Talking about the big matters which have a bearing on the overall situation in our province and which we must tackle next year, Mao Zhiyong pointed out that it is necessary to expedite work in six areas. That is, expedite adjustment of industrial structure and product mix, and upgrade our province's economic competitive ability in domestic and international markets; expedite transformation of operation mechanisms within enterprises, and push state-run enterprises to the market as soon as possible; expedite the development of a market system, and gradually build a big market which is smooth, orderly, and thoroughly open; expedite the all-position opening up, and build an overall opening up pattern which suits both the domestic and international markets; expedite scientific and technological advancement, and fully develop the role of science and technology as primary productive forces; and expedite change of government function, and ensure that the whole province's economy transits to market economy as soon as possible. [passage omitted]

Finally, Mao Zhiyong pointed out that to enable our province's economy and various work to make another big step, the crucial point is to enhance vigor, do practical things, and seek practical results. In the future, when we look at an enterprise, we will mainly look at its returns; when we look at a village, we will mainly ask whether it is affluent; and when we look at cadres, we will mainly look at their practical work results. Leaders of various levels must strengthen investigation, supervision, inspection, and implementation to score practical results.

On the afternoon of 11 December, the comrades participating in the meeting seriously studied Comrade Mao

Zhiyong's speech and carried out enthusiastic panel discussions on the province's work next year.

Shanghai Secretary Chairs Congress Preparatory Session

OW1612135992 *Shanghai People's Radio Network in Mandarin 1000 GMT 14 Dec 92*

[From the "News and Weather" program]

[Text] Dear listeners, the Sixth Shanghai Municipal CPC Congress held its preparatory meeting at 1600 [0800 GMT] this afternoon. We now present an on-site report by station reporter Zhou Baofeng.

[Begin Zhou recording] At 1600 this afternoon, the Sixth Shanghai Municipal CPC Congress held its preparatory meeting at the central hall of the Shanghai Exhibition Center. Comrade Wu Bangguo chaired the meeting.

The preparatory meeting approved the name lists for the credentials committee and the congress presidium. The presidium comprises 63 members.

It approved the namelist for the congress's secretary general. Comrade Wang Liping will be congress secretary general.

The meeting also approved the setup and tasks of the congress secretariat, and the agendas of the congress.

The congress will formally open on the morning of 15 December and close on the morning of 20 December.

The congress will hear and examine the report of the Fifth Shanghai Municipal CPC Committee, the work report of the Shanghai Municipal CPC Advisory Commission, and the work report of the Shanghai Municipal CPC Discipline Inspection Commission; and will elect the Sixth Shanghai Municipal CPC Committee and Discipline Inspection Commission. [end recording]

Presidium Holds Meeting

OW1612150392 *Shanghai People's Radio Network in Mandarin 1000 GMT 14 Dec 92*

[From the "News and Weather" program]

[Text] The Sixth Shanghai Municipal CPC Congress Presidium held its first meeting at 1700 this afternoon. Our station reporter Zhou Baofeng has just sent a dispatch from the venue of the meeting.

[Begin Baofeng recording] At 1700 this afternoon, the Sixth Shanghai Municipal CPC Congress Presidium held its first meeting, which was chaired by Wang Liping, secretary general of the congress.

The meeting elected the presidium's standing committee, which is made up of 17 members, including Wu Bangguo and Huang Ju.

The meeting approved both the name list for deputy secretaries general of the congress and the report by the credentials committee on the examination of delegates' credentials. The credentials of all 787 delegates were in order.

The meeting also approved items concerning observers and guests to the congress as well as the congress's agendas. [end recording]

Shanghai Advisory Commission Abolished

OW1712095792 Shanghai People's Radio Network in Mandarin 2300 GMT 15 Dec 92

[From the "Morning News"]

[Text] In accordance with the 14th party congress guidelines, the municipal advisory commission [MAC] is abolished as of now. Comrade Wu Bangguo pointed this out in his report to the Sixth Shanghai Municipal CPC Congress.

Comrade Wu Bangguo said: Since its founding, the Shanghai Municipal CPC Committee Advisory Commission has done a lot of fruitful work in assisting the municipal party committee in maintaining party unity and social stability and in promoting the work of reform, opening up, and modernization. It has played a key role at many critical moments.

On behalf of the Shanghai Municipal CPC Committee, Wu Bangguo once again expressed his heartfelt gratitude and high respects to the municipal advisory commission and its veteran comrades.

Zhejiang Advisory Committee Endorses Li Zemin's Report

OW1712113392 Hangzhou Zhejiang People's Radio Network in Mandarin 1030 GMT 14 Dec 92

[From the "Provincial News Hookup" program]

[Text] In a 13 December plenary session, members of the provincial advisory committee attending the eighth enlarged plenary session of the eighth provincial party committee unanimously held that the report presented by Comrade Li Zemin on behalf of the provincial party committee standing committee—a report aimed at conscientiously implementing the 14th party congress guidelines, accelerating the pace of reform and opening up, and pushing Zhejiang's economy to another new level in the 1990's—has fully materialized the 14th party congress guidelines in compliance with Zhejiang's real conditions. It has served as a powerful force in organizing the people of various nationalities in Zhejiang in speeding up the pace of reform and opening up and in pushing Zhejiang's economy to yet another new high. The meeting expressed its firm support for the provincial party committee standing committee report and pledged its implementation in actual work.

Attending comrades maintained that, motivated by Comrade Deng Xiaoping's guidelines given during his inspection tour in the south, the province has made constant progress in opening up to the outside world and deepening reform, resulting in the emergence of a favorable situation with sustained high economic growth. To maintain and develop this favorable situation, we must wage hard struggle and solidly carry out our work. It is crucial to strengthen the party's leadership over economic work; to uphold the ideological line of seeking truth from facts and the mass line in doing things; to arm ourselves with the theory of building socialism with Chinese characteristics; to boldly promote young cadres who display a high degree of morality and competence, and who adhere to the basic party line of the leadership at various levels; to energetically strengthen party organization at the grass-roots level; to fully bring out party members' pioneering and exemplary roles; and continue to foster both material progress and cultural and ideological progress, attaching equal importance to both.

The plenum maintained: Advisory committee comrades should show their concerns over party and state work; continue to conscientiously study Comrade Deng Xiaoping's socialist theory on building socialism with Chinese characteristics; do whatever it can to gain a better understanding of the new situation and the new problems faced in the process of economic construction by conducting field investigations and studies; reflect the masses' aspirations; fully support the work of the provincial party committee; and play its part in promoting Zhejiang's reform, opening up, and economic construction.

(Liu Yifu), vice chairman of the provincial advisory committee, presided over the meeting. Also in attendance were members of the provincial advisory committee standing committee, including (Wang Yaoting), (Zhang Shixiang), and (Zhang Xueyi); as well as members of the provincial advisory committee and veteran comrades, including (Tie Ying), (Zhang Jingtang), and (Kai Xiwu).

Central-South Region

Shenzhen Progresses in Checking Stock Irregularities

OW1612152092 Beijing XINHUA in English 1401 GMT 16 Dec 92

[Text] Shenzhen, December 16 (XINHUA)—Shenzhen city government has made major progress in checking out people who resold application forms for newly issued shares on August 9 this year, through more than three months' effort.

According to the office in charge of the investigation, 21 people who were involved in the reselling of the application forms and selling fake exchange certificates will be turned to public security departments and industrial and commercial departments and be dealt with according to

law. Nine who had malpractices in selling the application forms have been punished in accordance with concerned disciplines.

On August 9, staff members in many form-selling sites in Shenzhen sold the application forms privately, which violated concerned disciplines and aroused strong dissatisfaction of the masses.

Investigations show that 95 of the city's 300 form-selling sites were said, by the masses, to have done wrong in selling the application forms.

By December 10, a total of 105,399 forms were found to have been sold privately, involving 4,180 officials and workers in the financial field. Of the total, 61.4 percent (64,738 forms) were sold privately by staff members from financial departments, 19.9 percent (20,998 forms) were sold by workers on duty and those in charge of supervising and managing the selling of the application forms and 18.7 percent (19,663 pieces) were sold to people who have business relations with the sellers.

The most serious is that 31 of the 33 workers at the form-selling site under the city's Agricultural Bank Nantou branch privately sold application forms, totaling 10,274 pieces, which was 29.35 percent of the site's total.

According to clues provided by the masses, 43 people including officials and workers were found to have participated in the private selling of the application forms.

Meanwhile, public security departments and industrial and commercial departments have made great efforts in checking up and cracking down on illegal activities involving reselling of application forms and exchange certificates. They have cracked four fraud cases involving 20 criminals.

Investigations are still going on.

Hubei Leaders Vote for Congress Delegates

HK1712114792 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 12 Dec 92

[Excerpt] At 0900 today, provincial party, government, and military leaders Guan Guangfu [provincial party secretary] and Guo Shuyan [governor], in their capacity as ordinary voting citizens, along with approximately 1,500 voters in their electoral district, Wuhan city's (Shui Guo Hu) Street's first electoral district, cast votes to elect delegates to the 10th people's congress of Wuchang District, Wuhan City.

(Shui Guo Hu) Street's first electoral district is composed of 54 units, including the provincial party committee office, the provincial advisory commission office, the provincial people's congress office, the provincial

government office, and the office of the provincial committee of the Chinese People's Political Consultative Conference. [passage omitted]

Northwest Region

Qinghai Secretary on Government Functions

HK1712054692 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 9 Dec 92

[Text] Provincial party Secretary Yin Kesheng recently pointed out: Actively changing government functions is an important agenda of political structural reform and an important condition for building a socialist market economic system.

At a recent study on problems concerning building a socialist market economic system in our province, Yin Kesheng said: Government organs at all levels must act in accordance with the requirements of a socialist market economic system and the principles of separation of government administration from enterprises (streamlining, centralizing, and efficiency), pursue adjustment in existing organs and staff size, strengthen awareness in service, raise work efficiency, and change macroscopic [word indistinct] and management methods, so that government administration can gradually become scientific and institutionalized and can be put on a legal basis. They should return to enterprises all those powers that belong to them. No organs are allowed to interfere in enterprises or retain or withhold powers from them. At the same time, they should not let go of the powers all at once, in such a way that even those powers necessary for coordination, supervision, and services are given up. All organs and departments must put themselves in the position of grass-roots and enterprises, and genuinely serve economic construction. If individuals in certain departments disregard the overall consideration of economic construction, sit on the jobs that should be tackled and only make things difficult for the grass-roots and enterprises, then we must resolutely make them go.

Yin Kesheng said: According to the overall targets laid down by the 14th party congress in connection with organ reform and factoring in next year's comprehensive adjustment, we put forward a comprehensive outline on organ reform in our province. We must further expand the areas undergoing the experimental county-level organ reform; select two autonomous prefectures for experiment in organ reform; encourage the backup service sections of party and government organs and non-profit-making administrative units to associate themselves from administrative organs; face society and offer charged services; expedite coordinated planning, finance, banking, labor, and personnel reform packages; and put the work focus on ad hoc regulation and control, policy guidance, and services for the grass-roots.

Wu Xueqian Urges Further Cross-Strait Contacts

*OW1612153692 Beijing XINHUA in English
11510 GMT 16 Dec 92*

[Text] Beijing, December 16 (XINHUA)—Chinese Vice Premier Wu Xueqian today called for further contacts on issues of common interest between the two sides across the Taiwan straits.

Wu suggested direct contacts between the Chinese Communist Party and the Kuomintang as soon as possible to create conditions for negotiations on putting an end to the hostile state and on peacefully reunifying the country.

Addressing a meeting here to mark the first anniversary of the Association for Relations Across the Taiwan Strait, Wu said that China firmly opposed any idea and attempt to separate the island from Chinese mainland and to set up an "independent Taiwan."

He said that authorized non-government bodies on both sides should improve their contacts and cooperation. Talks will be held on direct exchanges and two-way communications and on protecting Taiwan investment on the mainland.

The association for relations with Taiwan was set up on December 16, 1991. It was authorized by relevant departments for contacts with departments concerned, authorized bodies and individuals in Taiwan. The association has the right to sign agreements with the other side on exchanges across the strait.

In the past year, the association and its counterparts in Taiwan have cooperated in settling issues in the exchanges among compatriots across the Taiwan Straits.

Wu said that contact will be positive as long as the two sides conduct talks on the basis of equal and mutual respect.

Strait Body To Stress Economic Ties in 1993

*OW1712104692 Beijing XINHUA in English
1017 GMT 17 Dec 92*

[Text] Beijing, December 17 (XINHUA)—Next year the Association for Relations Across the Taiwan Straits [ARATS] will make extra efforts to promote the exchange between both sides of the Taiwan Straits with the emphasis laying on trade and economic relations.

The remark was made Wednesday [16 December] by Tang Shubei, executive vice-president of the association, at a meeting held in Beijing to celebrate the first anniversary of the founding of the association.

The association was set up in Beijing to promote communication between the two sides of the straits in an aim to realize the reunification of the mainland and Taiwan, Tang said.

During the past year, the vice-president said, the association has established broad contacts with various non-governmental bodies and personnel in Taiwan, especially with the foundation for exchanges across the Taiwan Straits.

To promote trade and economic exchanges between the two sides, the association will set up a consultation center to provide regular legal services to Taiwan businessmen. The center is expected to go into operation by the end of the year, Tang said.

As to the work for the coming new year, he added, the association will provide even better services for Taiwan-funded enterprises on the mainland, while promoting talks and trying to solve problems that pop up between the two sides.

Mainland Film Delegation Visits Taiwan

*OW1712085692 Beijing XINHUA in English
0827 GMT 17 Dec 92*

[Text] Beijing, December 17 (XINHUA)—A delegation from mainland film circles is on its first official visit to Taiwan, to attend the ongoing "Golden Horse" international film festival.

Led by Xie Jin, who directed such award-winning films as "The Legend of Mount Tianyun" and "The Last Emperor", the ten-member delegation is there at the invitation of the Taiwan Directors Association and the Executive Committee of the "Golden Horse" awards.

The "Golden Horse" awards are the highest in Taiwan.

Other members of the delegation include playwright Su Shuyang, directors Huang Jianzhong and Ding Yinnan, actor Wang Tiecheng, actress Zhao Lirong, and three representatives from the Chinese Cinematography Association.

The delegation will return home December 26.

Industrial, Commercial Group Visits Mainland

Meets NPC Official

OW1712024992 Beijing XINHUA Domestic Service in Chinese 1149 GMT 14 Dec 92

[Text] Beijing, 14 Dec (XINHUA)—Rong Yiren, vice chairman of the National People's Congress Standing Committee and honorific president of the Association for Relations Across the Taiwan Strait [ARATS], met with a 28-member study group of Taiwan industrial and commercial enterprises, which was led by Mr. Liu Jincheng [Liu Chin-cheng], chairman of the board of directors of Taiwan's Central Leasing Corporation.

ARATS Executive Vice Chairman Tang Shubei was present at the meeting. The two sides had a cordial discussion on issues of mutual concern.

Sees Taiwan Affairs Director

OW1712052792 Beijing XINHUA Domestic Service in Chinese 0945 GMT 15 Dec 92

[Text] Beijing, 15 Dec (XINHUA)—Wang Zhaoguo, director of the State Council's Taiwan Affairs Office, met a 28-member Taiwan business study group led by Mr. Liu Jincheng, chairman of Taiwan Central Leasing Company, at the Great Hall of the People today. Both sides held cordial conversations on matters of common concern.

Deputy Director Sun Xiaoyu also attended the meeting.

Talks With Zhu Rongji

OW1712053092 Beijing XINHUA Domestic Service in Chinese 0906 GMT 16 Dec 92

[Text] Beijing, 16 Dec (XINHUA)—Vice Premier Zhu Rongji met a Taiwan business study group led by Mr. Liu Jincheng at Zhongnanhai's Ziguan Chamber on 15 December and had cordial and friendly discussions.

Hubei Strengthens Nongovernmental Exchanges

HK1612112192 Beijing ZHONGGUO XINWEN SHE in Chinese 0602 GMT 7 Dec 92

[“Roundup” by reporter Zhang Dunhua (4545 2415 5478)]

[Text] Wuhan, 7 Dec (ZHONGGUO XINWEN SHE)—We have now come once again to the end of a year. Over the past year, Hubei, as a hinterland province, has further strengthened its exchanges with Taiwan.

An official in charge of the Hubei Provincial Taiwan Affairs Office told this reporter the other day: Hubei and Taiwan have further strengthened bilateral relations and exchanges at various levels in 1992, as compared with 1991. The situation in this area is indeed gratifying: The levels of bilateral cultural and art exchanges have been raised constantly; the scope of bilateral economic and trade exchanges has been enlarged constantly; and the scale of bilateral exchanges among non-governmental organizations has been expanded further.

Regarding cultural and art exchanges, Hubei and Taiwan have conducted a total of 44 large-scale exchange activities over the past few years. The Hubei Provincial Taiwan Affairs Office has entertained performance troupes, photographic groups, tourist groups, and reporters from Taiwan over the last few years. By the end of this year, those well-known Taiwan personalities visiting Hubei will have included: Ling Feng, a well-known individual from Taiwan's movie and television circles; Chiung Yao, a well-known Taiwan writer; Wang Yi-meng, a well-known Taiwan calligrapher and artist; Hu Chiu-yuen, a well-known Taiwan scholar; Chai Sung-lin, a well-known Taiwan professor;

Hsiao Cheng-chih, former chairman of the board of directors of Taiwan's China TV Station; Chiu Yung-han, a Taiwan writer and business tycoon; and others. This year, the works of Zhou Shaohua, a well-known Hubei artist; Huang Keqin, a well-known Hubei photographer; his son; Tang Wenxuan; and 39 other Hubei artists have been exhibited in Taiwan. At present, the Hubei Provincial Han Opera Ensemble, the Hubei Provincial Song and Dance Troupe, and the Wuhan Acrobatic Troupe are preparing to visit Taiwan, where they will stage performances.

The scope of Hubei-Taiwan cooperation in economic and trade exchanges has been constantly enlarged. This year has witnessed the establishment of 49 Taiwan-funded enterprises in Hubei. Up to now, Hubei has had 137 Taiwan-funded enterprises with total contractual investment reaching \$194.74 million, of which Taiwan investment makes up \$93.67 million.

Compared with last year, the Taiwan-funded enterprises have manifested the following characteristics this year: 1) The scope of investment has been increased, with investment flowing from the processing sector to the production sector; from simple operations to high-grade and new technological and development-oriented operations; and from the food processing industry and catering trade to garment, textile, building material, chemical, machinery, metallurgical, electronic, computer, energy, communications, and technological innovation industries; 2) The period of investment has been extended, and the amount of investment has increased. The longest period of investment by Taiwan businessmen is 50 years, and the largest amount of Taiwan investment is \$10 million; and 3) Various Taiwan investment groups have been formed, and some Taiwan businessmen have each set up more than two enterprises in Hubei. One Taiwan businessman has set up five enterprises in Hubei, the largest number of enterprises set up by a single Taiwan businessman in Hubei thus far. As a result, some Taiwan-funded enterprises in Hubei have organized themselves into investment groups; 4) “Taiwan investment has been used to attract more Taiwan investment” for the purpose of large-scale exploitation; 5) More Taiwan investment has flown into tertiary industry, while more enterprises with exclusive Taiwan investment have sprung up.

The scale of nongovernmental exchanges has been expanded. In the past, the Taiwan tourist groups visiting Hubei to see sights or visit relatives consisted of only seven, eight, or a dozen members. This year, most of the nongovernmental Taiwan groups visiting Hubei are composed of dozens or even more than 170 people. Moreover, the majority of these groups are industrial, commercial, cultural, economic, and trade investigative groups.

After conducting investigations in Hubei, quite a few members of these investigative groups found appropriate investment projects, while others set up enterprises in the province. According to incomplete statistics, cash and goods

donated to Hubei by Taiwan's nongovernmental organizations has already amounted to more than 50 million yuan. So far, Hubei Province has carried out 91 nongovernmental exchanges with Taiwan with the number of Hubei people visiting Taiwan to see relatives, take care of sick family members or relatives, attend funerals, or settle down there reaching 1,234.

The official in charge of the Hubei Provincial Taiwan Affairs Office said that Hubei-Taiwan bilateral relations and exchanges in all fields are expected to grow at a faster pace in the year to come. To cope with this future development, the Hubei Provincial Taiwan Affairs Office is planning to set up a Hubei-Taiwan Exchange Fund and establish a Hubei-Taiwan Exchange Association next year.

Minister Urges No Foreign Interference in Elections

OW1712081792 Taipei CNA in English 0758 GMT
17 Dec 92

[Text] Taipei, Dec. 17 (CNA)—Interior Minister Wu Poh-hsiung, in his capacity as chairman of the Central Election Commission, Wednesday [16 December] urged visiting foreign academics not to interfere with the nation's forthcoming legislative election.

A number of foreign scholars, experts, parliamentarians and journalists have come to Taipei to observe campaign activities for the Dec. 19 parliamentary poll. Some of them have been found to be campaigning for certain candidates, mostly from the opposition Democratic Progressive Party [DPP].

"Such acts violate our Election Law," Wu said. "We hope foreign observers will respect our campaign regulations and stop speaking at campaign rallies," the minister urged. "If they fail to do so, we may revoke their visas and ask them to leave Taiwan," Wu warned.

James Chu, spokesman for the ruling Kuomintang [KMT], Wednesday criticized the DPP for inviting foreign passport holders of Chinese origin to campaign for its candidates. Chu said the parliamentary election is a domestic issue and has nothing to do with any other country. "The DPP's move has impaired our national dignity," he regretted. The KMT spokesman urged the electorate not to vote for a party which has failed to respect its dignity.

Meanwhile, South African Home Affairs Minister Louis Alexander Pienaar and his wife arrived in Taipei Wednesday for a week-long visit. Observing campaign activities is high on Pienaar's itinerary. A dozen German and French parliamentarians and several members of the European Parliament will fly to Taipei in the next few days to observe the electoral process. Foreign Ministry officials said the arrival of so many foreign observers indicates that Taiwan's democratic reforms have won worldwide recognition.

GATT Members Question Taipei's Trade Regime

OW1712084192 Taipei CNA in English 0814 GMT
17 Dec 92

[Text] Taipei, Dec. 17 (CNA)—Canada, the United States and four other countries have raised questions on the trade regime memorandum submitted by the Republic of China [ROC], the Board of Foreign Trade [BOFT] said Wednesday [16 December].

The ROC Government submitted the memorandum earlier to a General Agreement on Tariffs and Trade (GATT) task force formed to handle the application of ROC's GATT membership.

GATT signatory countries, based on the memorandum, can ask questions and demand answers from the ROC.

Future consultations will hinge on whether the world trade body is satisfied with the answers.

A BOFT official said that Canada, Australia, the Philippines, Switzerland, South Korea and the United States had so far raised questions regarding ROC's memorandum on its trade regime. The official said that the United States had raised the most questions—more than 200—while the other nations had in the range of 30 to 40 questions each.

He said BOFT has sorted out the questions and will now turn them over to related agencies to prepare answers as soon as possible. The official said that most of the questions concern explanatory matters. The cutting of tariffs is expected to be the main focus in the future, he added.

Cooperation Between SEF, ARATS Compared

OW1712101092 Taipei CNA in English 0807 GMT
17 Dec 92

[Text] Taipei, Dec. 17 (CNA)—If figures are revealing, then the Straits Exchange Foundation (SEF) is providing better service than its counterpart in Peking [Beijing], the Association for Relations Across the Taiwan Straits (ARATS), a Mainland Affairs Council (MAC) official said Wednesday [16 December].

MAC compared the cases handled by the two bodies between Dec. 16 last year when ARATS was established, and Nov. 30 this year in reaching the conclusion.

MAC noted that ARATS had asked SEF for assistance in 13 cases. SEF responded to all of them, bringing eight cases,—or 61.5 percent—to a successful conclusion.

In comparison, SEF's five departments, cultural service department, trade service department, legal service department, travel service department, and general service department sought the help of ARATS in 195 cases, but only 44 cases received a response, with 26 of them being resolved.

MAC cited as an example four cases in which SEF had sought ARATS assistance concerning Taiwanese arraigned on pirating charges, but got only one response.

SEF on eight occasions inquired about Taiwan fishing boats being harassed or intercepted by mainland patrol boats for inspection, but ARATS had responded to only three cases.

SEF had asked ARATS to help in the repatriation of Taiwanese in ten cases, but only four received responses.

SEF had also inquired about trade disputes in six cases, but got only one response.

MAC said the figures show SEF works more efficiently while ARATS has maintained a lukewarm attitude towards handling matters concerning people across the Taiwan Straits.

Improved Cooperation Needed

OW1712100292 Taipei CNA in English 0825 GMT
17 Dec 92

[Text] Taipei, Dec. 17 (CNA)—While executives of Peking's [Beijing's] Association for Relations Across the Taiwan Straits (ARATS) maintain that the association has achieved its purposes one year after its establishment, its Taipei counterpart, the Straits Exchange Foundation (SEF), believes that SEF-ARATS cooperation can be improved with heightened mutual trust.

SEF chairman C. F. Koo said Wednesday [16 December] that the two quasi-official organizations were set up to offer services to people on both sides of the strait. However, the functions have not been satisfactorily performed for lack of mutual trust.

A top-level meeting between the two organizations has been under planning for months, though the two parties have yet to reach agreement on the venue. ARATS Chairman Wang Daohan Wednesday talked about his expectations for the meeting as part of an improved process for dealing with general, economic and legal issues.

Commenting on Wang's expectations on the long-talked-about meeting, Koo said that it is not necessary to wait for the meeting to settle certain cross-strait issues. The meeting, as Koo sees it, is but one of the channel for communication. Besides, he added, the earliest date for such a meeting would be after the New Year.

On the occasion of the anniversary of its first founding, the ARATS released a series of statistics to prove the efficiency of the association. Between February and November this year, the association received 122 groups from Taiwan and has established contacts with many influential groups, among whom are 43 business and industrial groups.

A record transshipment trade volume exceeding US\$7 billion so far this year and ever-increasing investments on the China Mainland by Taiwan businessmen were also mentioned by Wang Zhaoguo, director of Peking's Taiwan Affairs Office, as evidence of the association's effectiveness.

SEF Chairman Koo, recognizing role of the ARATS as a counterpart, said, however, that the association, in fact, did not achieve much in offering services to ordinary people on both sides of the strait.

The Mainland Affairs Council under the ROC's [Republic of China's] cabinet Wednesday also urged that the ARATS give priority to cases involving ordinary citizens. The council said that in the past year the ARATS has apparently failed to give prompt responses to inquiries from the SEF involving such cases.

Considering that the ARATS may not have full authorization from Peking, the council emphasized that the ARATS and the SEF should establish a systematic negotiating channel based on mutual respect and equal footing.

Hong Kong

XINHUA Official Says Patten Lacks Sincerity

OW1712025992 Beijing XINHUA Domestic Service in Chinese 1205 GMT 16 Dec 92

[Text] Hong Kong, 16 Dec (XINHUA)—Zhang Junsheng, deputy director of XINHUA NEWS AGENCY's Hong Kong branch, cited a great deal of facts in pointing out that British Hong Kong Governor Chris Patten—or Peng Dingkang in his Chinese name—lacks sincerity when consulting with the Chinese side. He reiterated the Chinese side's stance and asked the Hong Kong governor to take back his "political reform" proposals, which "violate three aspects."

Talking about the Hong Kong governor's statement regarding his willingness to discuss "political proposals" anytime, anywhere, and with any person, Zhang Junsheng said at a public occasion yesterday: As a matter of fact, the British Hong Kong governor has repeatedly "looked without seeing and listened without hearing" the Chinese side's clear-cut stand and criticisms voiced by people in various circles and numerous press articles published in Hong Kong, thereby hampering the foundation for friendly cooperation between China and Britain.

Zhang Junsheng pointed out: Before and after Chris Patten delivered his political report, many suggestions had already been proposed, but he did not pay attention to them. Under such circumstances, if he does not take back his political proposals, how can consultation with the British side proceed?

Zhang Junsheng also clarified rumors reported in the press about "secret negotiations" between China and Britain. He emphasized: As a result of Chris Patten's efforts to hinder cooperation and consultation between China and Britain, the Sino-British Joint Liaison Group cannot conduct discussions even under normal circumstances, let alone secret consultations and negotiations.

Editorial Views Lee Kuan Yew's Remarks on Reform

HK1712021292 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 92 p 18

[Editorial: "Conspiracy Theory Gathers Credibility"]

[Text] When China trots out its well-worn conspiracy theory that it is the target of a Western plot, it is usually dismissed as old-fashioned communist paranoia. When an international elder statesman of the reputation of Singapore's Senior Minister Mr Lee Kuan Yew makes a similar suggestion—and does it here, in the very place Beijing sees as the battleground for the West's attempts to force China to become more democratic—the people of the territory begin to listen.

Mr Lee's argument, which is along the lines of China's own thinking, is that Mr Chris Patten's proposals for an increase in democracy in Hong Kong are part of a carefully planned strategy devised by the United States and Britain to exert pressure on an increasingly powerful China. The Prime Minister, Mr John Major, he claims, must have decided to take the new approach even before he announced the replacement of Lord Wilson as Governor of the territory a year ago. The policy relies, of course, on the continued support of the new incumbent in the White House.

Mr Lee therefore believes Hong Kong is the potential bridgehead for an international conspiracy of Western nations against China. He does not support Beijing's belief that the West's ultimate aim is the break-up of the Chinese state, merely that it hopes to weaken the government's power and lust for regional expansion by the introduction of democracy and concern for human rights. Hong Kong is a crucial pawn in this Machiavellian game.

The internal logic of the argument is impeccable. Hong Kong's influence on China, especially on the economically advanced southern provinces, far exceeds what might be expected from its relative size and population. For the next 4 and ½ years, moreover, it remains under the control of the British Government, allegedly a key player in the conspiracy. If, as China clearly believes, democracy and human rights are destabilising and dangerously contagious, then Hong Kong is the right place to introduce them. To ensure they continue to wreak their havoc long after Mr Patten and his administration have left, the West will work together to force China to accept lasting constitutional reform in Hong Kong, according to the Beijing theory.

Those claims are denied in Britain and Hong Kong, as they will be in the United States. Britain's belated decision to give Hong Kong people a little more say in their own affairs is presented as an honest attempt to live up to the Joint Declaration's promise of "one country, two systems" and "a high degree of autonomy" for the territory.

On the other hand, those determined to see sinister motives will no doubt point to renewed support for their position in the carrot-and-stick approach to China policy spelled out by U.S. President-elect Mr Bill Clinton. The unexpectedly vociferous support for Mr Patten from the former Prime Minister, Lady Thatcher, during the past week will be seen as further evidence. It will stir memories of Lady Thatcher's much vaunted special relationship with the Reagan White House, and her tendency at times to follow American interests, even when some in her own party thought Britain's advantage lay elsewhere.

Lady Thatcher's campaign might also be interpreted as a fading politician's attempt to recapture the limelight and polish up her image to rehabilitate herself in the eyes of posterity. Praising Mr Patten is a popular way to disassociate herself from discredited policies foisted on her by

the very foreign policy advisers Mr Lee has chosen to praise for their courage and sagacity.

History will decide whether the conspiracy theorists were right or wrong. For the present, Mr Lee's willingness to dispense advice through the media, while keeping an eye on the press at home in Singapore, jars in the mind of many Hong Kong people.

Whatever the truth of Mr Lee's allegations, his words still carry a lot of weight with many people in Hong Kong, who will be depicting themselves as being caught in the crossfire in a diplomatic squabble. Hong Kong people are used to regarding themselves as helpless pawns in other people's power games. That attitude of resignation will not be of any help to Mr Patten, who needs the vocal support of the public to get his proposals through the Legislative Council.

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